

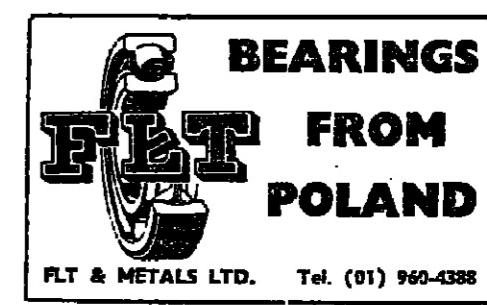


# FINANCIAL TIMES

No. 26,665

Tuesday May 13 1975

JULY 1975



## NEWS SUMMARY on Cambodian piracy—U.S.

A CAMBODIAN naval vessel seized a U.S. merchant ship and forced it to the port of Kompong Som, formerly Sihanoukville, the White House said yesterday. President Ford called the seizure an act of piracy and demanded the immediate release of the ship otherwise there would be the "most serious consequences."

Pentagon sources said U.S. security interests. This was used to send ships were ordered towards the Gulf of Thailand.

The President was told of the seizure at 11.30 a.m. when they remained until March 1973, when the Paris peace accords met his National Security Council.

The ship was reported to have been fired on and boarded by Cambodian armed forces from a Cambodian naval vessel.

### Unarmed

The ship — identified as the Mayaguez, with a crew of 39 U.S. nationals — is described as an unarmed container vessel, believed to have been sailing from Hong Kong to Thailand.

The ship's radio reported the seizure as in the Gulf of Thailand about 60 miles of the Cambodian coast, but has since stopped transmitting, the White House said. It occurred eight miles off a small island claimed by both Cambodia and Vietnam.

In 1965 U.S. naval ships were fired on in the Gulf of Tonkin. President Johnson requested permission from Congress to "take all necessary steps" in from Hanoi, writes Kevin Rafferty. Page 3

### GENERAL

### BUSINESS

## Blast report published

### Equities up but weak £ hits gilts

EQUITIES moved ahead generally, the leaders attracting steady buying although profit-taking pared the gains. The FT 30-share index finished 62 up at 329.6.

GILT-EDGED, by contrast, declined, reflecting the weakness of sterling despite a technical rally near the close. Losses ranged to a point after 11 while shorts lost 1 on the day.

STERLING's weighted depreciation fell to a record low of 25 per cent. (24.4). The pound fell against the dollar to close at \$2.3885 (\$2.3180). Dollar's weighted average depreciation was 6.48 (6.78).

WALL STREET fell 2.66 to close at 847.4.

U.S. TREASURY Bill rates again fell sharply. The yield on three-month bills was 5.182 per cent. (5.256 last week); six-month bills the rate was 5.461 per cent. (5.724).

INDEX OF INDUSTRIAL output for March fell to 104.6 against 105.5 in February. Manufacturing index was down to 105.1 (107.3).

Page 9

GUEST KEEN AND NETTLEFOLDS' new chairman, Mr. Barrie Heath, has warned that UK output, which last year exceeded 2800m, would be cut by a fifth if Britain left the EEC. The workforce would decline by about 17,000.

Page 21 and Lex

BRITISH Leyland's car division, headed by Mr. Derek Whittaker, has set up a Jaguar operating committee. Back Page.

Leyland appointments Page 13

UNDERMINED by a sharp drop in overseas sales, the Volkswagen group made a £146m loss in 1974. Presenting the company's annual report at a Press conference Herr Toni Schumacher, the chairman, said there would be no fundamental improvement in 1975. Page 22

FURNESS WATSON and Company reports taxable profits of 10.9m, about 1.8% for 1974 at £24.72m. Lord Beeching, the chairman, will retire at the annual meeting.

Page 21 and Lex

### CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISSES:

Asstd. P. Cement	168 + 7
Babcock & Wilcox	107 + 5
Salter (E.)	73 + 20
Stobart	238 + 10
BICC	128 + 5
Bowater	155 + 5
BATS	322 + 7
Brit. & Commonwealth	180 + 8
BSR	78 + 6
Commercial Union	177 + 5
Dalegate	251 + 11
Decra "A"	260 + 12
DRG	127 + 7
English Property	845 + 41
Fisons	380 + 10
Fosco Minsep	350 + 10
Globo	200 + 10
Hambros Bank	142 + 7
Tanganyika Corps.	90 + 3
FT REPORT	
Engineering Insurance	24-25

For latest Share Index 'phone 01-246 8026

## Pound falls again as prices go higher

By MICHAEL BLANDEN

THE pound fell again to new bank governors, the impression lows yesterday as pressure continued in exchange markets despite the weekend efforts by Mr. Wilson to provide reassurance over the economic and political condition of the UK.

Sterling lost another 0.6 per cent. on average, with its depreciation against other leading currencies. From December, 1973, levels ending at 25 per cent., touched new low points against several European currencies, including the D-mark, the Swiss franc and the recently very strong French franc. Against the dollar it closed at \$2.3885 for a fall of 1.95 cents from Friday's close, but in late dealings in New York the rate ended later at \$2.3085.

Bank of England intervention was again required to steady the rate. But as through most of the recent decline in the value of sterling, the authorities did not seem to have supported the pound on a large scale.

The support given was enough, with the help of some buying orders from the Continent, to hold the rate fairly level during the afternoon after the early sharp drop.

In the House of Commons, Conservative attempts to mount an emergency debate on a statement from Mr. Denis Healey, Chancellor of the Exchequer, were rejected by the Speaker.

From Basle, where the Governor of the Bank of England, Mr. Gordon Richardson, is attending the monthly meeting of central

bank governors, the impression is that there was no likelihood of mounting a major concerted rescue operation for sterling.

The meeting is expected to discuss the pressing concern over the condition of sterling as well as the move by France to rejoin the European currency "snake"

shows that manufacturers' output

prices (the prices at which they sell to the retail trade and which

will work their way through to the cost of living later) were running around 24.3 per cent.

Industrial output and retail trades fell in March, while

rising food pressure on the

cost of living exerted by rising

wholesale prices has continued.

The April wholesale price index

shows that manufacturers' output

prices (the prices at which they sell to the retail trade and which

will work their way through to the cost of living later) were running around 24.3 per cent.

Input prices, helped by lower

commodity prices, have been

rising only slowly. The figures

indicate that domestic inflation, mainly as a result of

higher wages, has taken over

from imported price pressure as

the main problem.

This underlines the reason for

Mr. Wilson's warnings that the

round would suffer if Britain

continued with a higher rate of

inflation than other countries.

Mr. Wilson again commented at

the weekend on the need to live

within the country's means.

Mr. Shirley Williams, Prices

Secretary, yesterday picked the

point up by telling the General

Federation of Trade Unions confere

rence in the Isle of Man that if

Britain continued to pay itself

more than it earned, the Welfare

State was likely to be the major

victim.

The price figures published by

the Department of Industry suggest a slight slackening of the

recent underlying upward trend.

In April, the provisional price

index of home sales of manufac

tured goods rose by 1.1 per cent.

Continued on Back Page

Editorial comment, Page 16  
Retail sales and industrial output details, Page 9

Labour critics join attack on Wilson's performance, Back Page.

The output price index for these industries has jumped some 6.1 per cent. in the last three months. Against this, the food manufacturing industries saw a rise of only 1 per cent. in the month.

On the input side, however, industry is enjoying a respite from rising raw material costs.

The provisional price index for materials and fuel products by manufacturing industry was only 1 per cent. up in April, and only some 3.7 per cent. higher a year earlier.

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Continued on Back Page

# Sticking to the discredited

BY C. GORDON TETHER

"NOTHING HAS happened that OECD not to take any action of this kind. The Prime Minister justifies this on the grounds that Britain could 'survive' in a competitive international scramble to keep out each other's exports. The fact that we are already the victims of forms of currency war is surely more to the point. What is surely more to the point is that nothing has happened to strengthen the country's ability to get itself established on a sound footing once and for all."

For the very fact that on the Prime Minister's own admission, the problems are as great as ever, points to a colossal economic management failure on the part of Government after Government—a failure rooted first and foremost in a determination not to learn by mistakes that have been perpetrated over and over again.

And until this is recognised and there is a willingness to adopt a much more flexible attitude to the formulation of economic policy, nothing can stop us travelling further and further along the path to perdition.

Take, to begin with, the attitude to the promotion of London's role as an international hot money centre. Time and time again, it has been demonstrated to our intense discomfort that the loss of control over the exchange rate which results from allowing foreign short-term funds to accumulate in this country to an excessive degree can have extremely serious consequences for the balance of payments—and thence for the entire economy—when the tide turns.

**f's slide**

But who took any notice when it was pointed out last year that it was most inadvisable for the Government to seek temporary relief from the pressures imposed by a cut-back of payments by the oil deficits by encouraging the City to get oil-producing countries to deposit their surpluses in British banks?

The same old mistake having been repeated—and on a bigger scale than ever—the £ has now had to be allowed to go into another slide.

There is the matter of import controls. Britain urgently needs to be provided now—just as she has been on other occasions in the past ten to 20 years—with immediate relief from balance of payments stresses that are threatening to overwhelm her. The obvious way to obtain it would be by imposing controls on imports to bring them down to a level we can afford until such time as we can generate enough export traffic to be able to spend more freely.

But what does the Government do? It gives a pledge to the

## RACING

BY DOMINIC WIGAN

## Jumping Hill best for Dante

THE WARREN Place stable had a major disappointment at Lingfield on Saturday when Bold Aussie put himself out of the year came in Newbury's Harris Hill Stakes on his last appearance of the campaign. He made Bold Trizzi, and it will be interesting to see how stable companion Jumping Hill fares in today's Dante Stakes (4.10) at York.

This grey filly, whom Noel Murless trains for Mr. George Pope, Jr., has run well on both his appearances to date.

I shall be more than surprised if he does not make a bold show-

er which have the same effect

and that our participation in international trade will be of no use to anybody if the British trade ship finally founders—as it

now seems to be in grave danger of doing—evidently nothing with British thinking.

No less disastrously unchang-

ing has been the thinking of other prominent hugbear of the British scene—the wages-prices spiral. Apart from occasional incomes policy diversions which were either so badly conceived or executed that they were foredoomed to failure, the accepted treatment for this problem has consisted in constantly telling the public that it had to bear restraint and catching it in the neck from punitive fiscal exercises. Mr. Healey is going through these very motions once again even now.

## New ones too

Yet, though there is not the slightest justification for believing that anything beyond the most temporary relief is obtainable in this way, there is absolutely no enthusiasm for considering or developing alternative approaches to the problem.

And far from there being any willingness to jettison the old discredited notions, we actually see a readiness to take on new ones. If there is one thing our first two and a half years in the EEC has demonstrated beyond all question, it is that no solutions for any of our problems are to be found in that direction. Nevertheless, the argument that the "dynamic effects" of entry would be such as to more than compensate Britain for the cost in the early 1970s just as though nothing had happened to disprove them in the interim. This is central to the Government's own recommendation to the nation to stay within the Community.

As we sit in the mists of the ruins of all these attitudes, should we not ask ourselves, just for once and before we take the final plunge to catastrophe—a highly pertinent question? Why should we imagine that the ideas that have got us nowhere will, by some inexplicable logic, bring us to the promised land if only we remain devoted to them long upwards again. A Ku Hsuan

Lester Piggott's mount, Libra's Ribero, also showed up well in the first colts classic before fading in the final quarter-mile. He, too, will be seen to much better advantage over this trip and it is interesting that Piggott has chosen him in preference to two or three of his rivals.

In what may prove to be an informative classic trial, I hope to see Jumping Hill earn himself a place in the Derby line-up by ousting Corby and Libra's Rib.

Swell Fellow produced a remarkable turn of foot in the final furlong of Epsom's City and Suburban Handicap, getting up

on the line to beat Mon Legion, to whom he was giving a stone, by a neck.

Lord James Crichton-Stuart's high-class four-year-old could well follow up that success in today's David Dixon Gold Cup (3.25). In this time, however, he will slightly more regard for Lady Beaufort's distance and distance winner, Ringlet, well treated with 8 st 11 lb.

Few at Newmarket on the Jockey Club Stakes day can have been anything but impressed by the way in which previously un-

raced Royal Boy won the Chev-

ing Stakes, won by Mark Anthony.

This afternoon's 104 furlongs failed by only a neck to hold

will suit Jumping Hill far better than the 7 furlongs of the Green-

ham, and I am hoping that Geoff Lewis will make use of his fine

speed by retaining him for a sec-

ond run.

Two others with strong claims

to consideration are Grundy's

stable companion Corby and classic winners Ribero and

Alimony.

Again looking as though he could do with a race, Jumping

Hill was far from disgraced on his reappearance this season

when showing good speed to half-

way in Newbury's Greenham

Stakes, won by Mark Anthony.

This afternoon's 104 furlongs failed by only a neck to hold

the determined late challenge of the favourite, Royal Mansle.

The winner paid a notable com-

pliment to the form when keep-

ing on strongly to finish fourth

of 24 in the 2,000 Guineas, only

four lengths behind Bolonka.

Few others with strong claims

to consideration are Grundy's

stable companion Corby and classic winners Ribero and

Alimony.

At Phillips a sale of prints

made \$2,130, with a group of four

etchings by the Dutch artist Fer-

dina van der Linde, largely of religious subjects, being bought by Drake

for \$220. Bol was a contemporary

of Rembrandt and his etchings

are similar. There was actually

a tiny Rembrandt etching, 4

inches by 3 inches, of The Fan-

cake Woman, for \$20. The

Chinese art was also in demand

at Sotheby's, where a pair

of golden pheasants, sold for

\$16,500 to Blau, and a pair of

large San Ts'ai glazed buff

pottery figures of Lokapala, of

the Tang dynasty, fetched

\$18,190, to Speelman.

Other good prices were the

£5,040 paid by Estekani for a

green glazed pottery model

of a fortified farmhouse tower of

the Han dynasty, and the same

price given by Yamamoto for a

group of ten Tang lady

musicians in buff pottery.

Chinese art was also in demand

at Sotheby's, where a pair

of Chinese prints were often way

above forecast. For example a

Chinese handscroll, by the late

17th century master of bamboo

painting Chu Sung, sold for \$880

as against the £250 estimate.

The top prices were for

Japanese prints. An album with

a complete set of Gojusan Tsugi

Meisho Zue, by Hiroshige, was

bought for £2,300 (forecast £500)

and a half-length print by Utamaro of the courtesan Soneo

made £1,100, as against the £150-200 estimate, reflecting the strong market for Victorian furniture.

There was also a sale of clocks

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# Mixed Australian trade pattern

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

**IN MONETARY terms, Australia "Overall," says the Conference, is enjoying the highest trade since 1972.** Exports and continental destinations are running at peak values, with fallen from 1.3m. tonnes to 1.1m. between September, 1972, and the eight months to September, 1974, or 15 per cent. While new markets have been opened using Conference lines, the fact remains that the volumes are not meeting expectations."

Recent statistics from Canberra and a number of other factors, are beginning to make it clear, however, that this boom is one of inflated value for goods and not an actual improvement in volume exported.

At present, idle time payments to waterside workers in the permanent Australian ports are costing some \$A250,000 (£143,000) a week, an indication of the drop off in the level of activity as the ports employ 85 per cent of the waterside workforce.

The Australia/Europe Shipping Conference has predicted depressed trading conditions over the next six months both to, and from, the U.K. and continent.

According to the Conference, there is a drop of some 30 per cent, expected on last year's carryings. The meat market decline has resulted in Conference vessels carrying only 72,000 tonnes in 1974, against 219,000 tonnes in the previous year.

Wheat sales more than doubled to 4.8m. tonnes compared with 2.2m. tonnes. Prices were then trebled from \$A120m. (£102m.) to \$A632m. (£62m.). The volume of fruits dropped in 1974, was 1.6m., and at February last, 1.1m.—values jumped from \$A10m. (£10m.) to \$A470m.

The wool industry, currently to 1.1m. tonnes while Western world prices and the free

tonnes in the same period, looking towards a steady growth

in price and volume exported.

In general, exports of minerals and metals have shown improvement in both volume and prices. The areas of downturn in volume have been lead ore and concentrates which declined from 49m. tonnes to 31m. tonnes, and fell in value from \$A10m. (£5.16m.) to \$A9m. (£5.16m.); Zinc ore and concentrates from 304,000 tonnes to 291,000 tonnes but increasing in value from \$A30m. (£17.2m.) to \$A41m. (£23.5m.); pig iron and cast iron, down from 621,000 tonnes to 397,000 tonnes but again increasing in value from \$A23m. (£19m.) to \$A22m. (£24m.); zinc alloys, where tonnages have been reduced from 121,399 tonnes to 109,380, and values rose from \$A48m. to \$59m.

The iron ore trade in the eight months to February, 1974, saw 31bn. tonnes exported. This year the figure was 58bn. tonnes. The value rose from \$A325m. (£21.8m.) to \$A480m. (£24.5m.).

The major customer, Japan, took marginally less in tonnage terms—42.6m. tonnes against 43.9m. tonnes.

On the other hand, a new and stronger market for Australian iron ore in Europe has emerged

—Belgian imports improved

—Vital industries such as wool were matters that required vast capital expenditure, and as such were too important to be left to the vagaries of wildly fluctuating

dried fruits fell from 41,000 tonnes to 10,000 tonnes.

The wool industry, currently to 1.1m. tonnes while Western world prices and the free

tonnes in the same period, looking towards a steady growth

in price and volume exported.

Some of the more detailed trade figures, released last week, reveal the relationship between volume and value. The statistics compare the eight months to February 1975 with those to February 1974.

Industry spokesmen feel that at the end of the full trading year sugar exports may well be higher in quantity than last year.

Yet, prices have more than doubled. Tonnages at February, 1974, was 1.6m., and at February last, 1.1m.—values jumped from \$A10m. (£10m.) to \$A470m.

The major customer, Japan, took marginally less in tonnage terms—42.6m. tonnes against

43.9m. tonnes.

Further, the policy has clearly become one in which longer term contracts at stable prices with some parameters established for cost escalation are to be the pattern of the future.

Australian ministers made it clear to the Japanese recently that development of Australian resources and preservation of vital industries such as wool

sheep is now making it clear, not only to the Japanese but to other buyers, that there will be continued government intervention in the price of raw materials from this country.

The line of credit does not apply to grain purchases but to capital goods and equipment. We have been happy to supply our grains and raw materials to the Soviet Union for so many years,

but we are even more pleased that they now have recognised our capability to produce sophisticated machinery and equipment." Mr. Gillespie said.

Already, contracts worth \$100m. had been signed with the USSR for valves, off-highway vehicles, compressors and log skidders.

Pakistan-Iran long-term agreements

KARACHI, May 12.

PAKISTAN AND Iran have machinery makers. Besides the Chinese, the other serious bidders were the Japanese and the Germans.

The mills will be at Uthal, in Las Bela district, and at Balali, near Quetta, and have a capacity of 50,000 spindles each. They will be commissioned by the middle of 1977, and are estimated to cost Rs.670m. (£25m.), including a foreign exchange component of over Rs.450m. (£21m.) to be provided by Iran.

Besides China, an offer from a Pakistani textile machinery manufacturing concern in the public sector has also been accepted to supply some equipment to encourage local industry and save foreign exchange.

Some offers from Western countries, including the U.S., have also been accepted although the volume of equipment to be supplied by them will be much less than China will provide.

Mr. Fereidoun Mahdawi, the Iranian Commerce Minister, said the trade agreement aimed at exchanging the exportable surplus of the two countries.

"There are no limits to our cooperation with Pakistan," he stated, adding that the two countries were looking forward to a bigger flow of trade and establishment of a large number of joint ventures.

Pakistan hopes to export more to Europe through Iran's land route, thereby obviating the problem of ever-increasing ocean freight rates which adversely affect both export and import prices.

China has won a big order to supply the bulk of the machinery and equipment for the two textile mills to be set up in Baluchistan as a Pakistan-Iran joint venture. The Chinese tender

was found the lowest among a large number of offers received from international textile

scrutinised to ensure they are not anti-competitive.

**ECGD supports**

ECGD has guaranteed a £2m. Midland Bank loan arranged by Morgan Grenfell to Bank Handlowy w Warszawie, Poland, to help finance a contract of Norton Abrasives to supply grinding wheel manufacturing plant equipment and "know-how."

**Vinyl plant in Ireland**

U.S. plans a \$30m. sheet vinyl flooring plant in Ireland at Mullingar, Co. Westmeath, 50 miles west of Dublin. It will be operative about mid-1977, and will serve the EEC. The overall European market for sheet vinyl flooring is put at \$100m. a year.

**Alfa Romeo prices**

Alfa Romeo announced in Milan a 7 to 8 per cent domestic price increase, effective May 30, for cars other than the Alfasud models.

**Export Contracts**

**BACCOCK & WILCOX** will design and supply boiler plant worth £3m. for the Eisted Vaer ket power station, Aabenraa, Denmark.

**BAKER PERKINS** will make biscuit factory process equipment costing £3.5m. for Algeria's national company controlling flour and flour confectionery production. Lloyds Bank will provide £10m. finance for the whole project, with ECGD backing.

**finsider international**

Société Anonyme—Registered Office: Luxembourg

11, Boulevard Grande-Duchesse Charlotte

R.C. Luxembourg No. B 7156

**DEBENTURE LOAN IN \$ U.S.A.**

7.75% 1970/1985

**NOTICE**

Notice is hereby given to debenture holders that as from 1st July 1975 the redemption instalment payment of \$U.S.A. 1,600,000 will be covered by the issuer by means of repurchasing on the market.

**BANCO DI ROMA**

Paying Agent

**FABRICA ITALIANA**

**MAGNETI MARELLI**

MILAN

The Annual General Meeting of the Società Magneti Marelli was held on 30th April, under the Chairmanship of Avv. Giorgio Garino, and approved the Balance Sheet for 1974.

The Company's turnover reached Lit. 163 billion, an increase of 30% on 1973.

The year ended with a profit of Lit. 512 million after the customary and anticipated amortisations amounting to Lit. 8,530 million.

Lit. 8,858 million have been invested, 30% of which is in the Mezzogiorno.

Employees on 31st December, 1974 numbered 13,011.

The Meeting approved the Board's distribution of a gross dividend of Lit. 70 on preferred shares and Lit. 48 on ordinary shares, drawing Lit. 419 million from the reserves to make up this sum.

The dividend becomes payable as from 20th May.

The Meeting appointed Dr. Ermanno Pedrana, already co-opted to the Board during the course of the year, as Managing Director.

**STANLEY & CO.**

**ROBERT FLEISCHER**

**Distillers Co.**

**Notes Due**

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## EUROPEAN NEWS

French put out red carpet for China's Deputy PM

By Giles Merritt

PARIS, May 12.

**HAILED HERE** as the most important Chinese leader ever to visit Western Europe, Mr. Teng Hsiao-ping, the Vice-Premier of the Chinese People's Republic, arrived in Paris to-day to begin a lengthy six-day visit.

Accompanied by Chinese Foreign Minister Mr. Chia Kuan-hua, and a team of six Foreign Ministry officials, the Chinese Vice-Premier is being accorded "Honourable State" treatment by the French. It is being pointed out here that even since Mr. Chow En-lai's illness two years ago, Mr. Teng Hsiao-ping has assumed the role of China's interim Prime Minister.

The Chinese leader was greeted at Orly Airport by Prime Minister Jacques Chirac, Foreign Minister Jean Sauvagnargues and other Cabinet Ministers.

Mr. Teng is scheduled to meet French President Valery Giscard d'Estaing twice during his visit, with the situation in Indochina and China's future relations with Europe expected to top the agenda.

Following preliminary discussions this afternoon, Mr. Chirac announced that France and China agreed to hold regular political consultations at foreign minister level. He told newsmen that "we have also agreed on the need to develop our trade relations in a more effective way."

Mr. Teng told reporters that China and France shared opinions on the situation in Indochina. "In any case we have found no divergences on this issue," he said.

Ever since its 1964 recognition of the Peking Government, France has enthusiastically pressed for closer ties with the People's Republic. Not surprisingly, the French are making much of the fact that the number three Chinese political leader has refused to stop off at other European capitals during his trip and is concentrating exclusively on France.

Mr. Teng will also meet Interior Minister M. Michel Poniatowski, who will accompany him on his visit to Lyon on Thursday when he visits the Berliet lorry plant there. On Friday the Chinese delegation is due to inspect the Phenix nuclear power complex at Marcoule before returning to Paris and flying out on Saturday afternoon.

## EEC tries to reassure Arabs on Israeli pact

BY DAVID CURRY

THE EUROPEAN Commission "A little bit of firmness will be acted swiftly to try to dispel some of the problem," Mr. Alton, referring to the Arab boycott of Israel and the three Maghreb countries of Algeria, Libya and Morocco.

However, while Mr. Claude Cheysson, the EEC Commissioner whose brief covers the Mediterranean negotiations, was insisting that some North African embargo had led Western Europe to resort to "expediency," the concept of a united Europe was receiving not altogether welcome encomiums from the Nine. While the concept of a united Europe was receiving not the Nine are not willing to be won over to the idea of a common policy towards the Maghreb countries would be more favourable than the Israeli arrangement because they would contain more far-reaching provisions covering financial co-operation and labour movement. The Nine were "committed to succeed" in the talks with the Maghreb and had an "absolute obligation" to negotiate parallel deals with the Arab Mediterranean states. Mr. Cheysson said.

The agreements to be signed with Israel's four neighbours—Egypt, Jordan, Syria and Lebanon—would be very much along the lines of the Israeli agreement, although less advantageous than the Maghreb deal.

The community has clearly been disconcerted by the way the Israelis have played up the agreement as a diplomatic triumph, and perhaps alarmed at the rumbles from Arab countries that the so-called Euro-Arab dialogue as well as the Mediterranean policy could be jeopardised.

This will certainly cause the French some annoyance in view of the nearness of the opening of the dialogue in Paris, the recent failure to make progress in the talks between oil producers and consumers held at French initiative, and the current series of visits French President Valery Giscard d'Estaing is making to the Maghreb countries, where he will certainly have emphasised that these three countries would continue to enjoy a special relationship with the EEC.

The Cairo talks primarily concerned the EEC meeting had already been delayed because of a dispute over the sensitive question of Palestinian representation at the talks. Demands had been made for a separate Palestinian delegation, which with representatives of Community member states at the talks, a suggestion considered impractical in European circles.

A compromise formula was found, where the Palestinians would be part of a larger all-Arab delegation, which will meet a parallel group of Community representatives. Mr. Mahmoud Riad, Secretary-General of the Arab League, announced here to-day that a meeting would be convened on May 20 to debate the impact on the Euro-Arab dialogue of the agreement with Israel. Arab ambassadors in Brussels have been asked to vet details of the agreement.

The Arabs are especially sensitive to the propaganda used made by Israel of the agreement. Such sensitivities have been aggravated because yesterday's agreement came so soon before the start of next month's dialogue.

Pressure had been applied by the Arabs to delay the agreement until after the Brussels-Cairo dialogue, and fears have been expressed here that some Arab League member states might alter their attitude vis-a-vis economic relationships with Western Europe.

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Mr. Teng will also meet Mr. Mahmoud Riad, Secretary-General of the Arab League, announced here to-day that a meet-

This announcement appears as a matter of record only

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## Political showdown looms in Portugal

BY JAMES BERGEROL

BRUSSELS, May 12.

AS THE Armed Forces Movement (AFM) prepares the ground for its general assembly on Friday, the feeling is growing that a showdown with the political parties is inevitable before their elected Deputies take their seats in Portugal's Constituent Assembly on June 10.

The Government appears still paralysed by inter-party squabbling, the military divided as to what to do about it beyond exhorting the parties to unity, while the economic situation becomes more acute every day.

Meanwhile, all civilian Government ministers so far have decided to forego their Constituent Assembly seats in order to remain in the Cabinet, thereby closing the door on a low-key Government re-shuffle, which by changing personalities might have softened the inter-party disputes.

The military Supreme Council of the Revolution met again on Saturday, for about eight hours, without disclosing its agenda. Groups of military leaders have been meeting for the past week, and the council itself has called the leading politicians for consultations twice in the past seven days.

A televised round-table discussion late last night provided a firm indication that the AFM has no intention of throwing the Popular Democratic Party out of the Government, as the Communists would like. The programme, which failed to turn into a real debate, saw the four party Ministers without Portfolio Cunhal for the Communists, Pereira da Mota for MDP-CDE, Soares for the Socialists and Magalhaes Mota for PDE—make statements on the political and economic situation after the Armed Forces Movement representative, Commander Ramiro Correia, had put the AFM position.

The commander's message was once again an appeal for a united programme from the four coalition Government parties. However, the political reality in Portugal to-day is that the economic crisis is evolving so rapidly that none of the parties, and certainly not the Armed Forces Movement, can keep abreast of the political tide being generated by rising unemployment.

There are currently about 300,000 unemployed in Portugal (10 per cent of the labour force).

Last week 150,000 workers from hotels, restaurants, and the chemical industry defied military pressure and went on strike. This week they may come out again and the typographers union may join them. Appeals by the AFM for workers to get down to the "production battle" are falling on deaf ears. Meanwhile, the revolutionary Left, which gained a 4 per cent. of the vote in the elections and is steadily gaining on the factory floor, fears that if a wave of strikes is unleashed by workers' demand, repressive measures will follow.

Substantial sales by Britain to Portugal of CS riot control gas and rubber bullets show that crowd and riot control operations are being prepared.

## CDU chooses Kohl as its candidate for Chancellor

BY JONATHAN CARR

BONN, May 12.

DR. HELMUT KOHL was today chosen by Dr. Stoltenberg, Herr's coalition in Bonn, as the man able to command the support of middle-class voters. Dr. Kohl is likely to do this, and Herr Strauss, to do so.

The field was left open to Dr. Kohl, 45, when his closest CDU rival for the post of Chancellor, Dr. Gerhard Stoltenberg, withdrew from the contest.

He explained to the committee that he believed Dr. Kohl had relinquished claims to the support of 61 per cent of the majority within the CDU, and it was better that the leading party executive body should not show division on so crucial an issue.

Dr. Kohl has been the CDU-CSU electoral programme, which came into effect last year. It seems likely, therefore, that way at least partly because some major power behind the scenes was squabbling among the members of the Bavarian sister party, the CSU. Here there is a clear compromise, indicating that if the Opposition managed to win a majority support for the view that the CSU leader, Herr Franz, must be allowed to stand, Dr. Kohl should lead the combined Opposition into the election battle next year. And the Social Democrats, who are

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## EUROPEAN NEWS

JULY 1975

## Poland to centralise authority over local government

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

POLAND is to embark on a major reorganisation of local government to "streamline" decision-making and strengthen the central authorities at the expense of the provincial ones.

The reform is part of a long-term plan to put Polish administration on a sounder footing. But this particular stage appears to be the crucial one since it will eliminate provincial posts that have provided useful springboards for men of ambition.

Anouncing the reform at a party plenum in Warsaw yesterday, the Prime Minister, Mr. Jaroszewicz, said the transformation would be swift. The new provincial authorities would start operating on June 1. According to the Communist Party newspaper, *Pravda*, the broad plan was "to encourage social initiative, increase popular participation in the government of the country, and to reinforce socialist democracy."

The reform will reduce provincial government from four to three tiers and abolish the largest unit, the voivodship, of which there are 17.

An earlier stage of the reform grouped villages together into administrative communities under the supervision of counties, the next stage up. Under the new system, it appears that the voivodships' powers will be split between the county and the centre, leaving only three levels.

## Danes look to Britain on EEC membership

By Hilary Barnes

COPENHAGEN, May 12. OPPOSITION to Denmark's membership of the EEC has declined sharply in recent months, according to Gallup Institute poll published here today. But the poll also shows that if Britain leaves the EEC, a large majority in Denmark would favour the same course.

The poll showed that 49 per cent would vote for Danish membership if there were a referendum to-day, while 41 per cent would vote against. In April, when opposition to the EEC peaked, there were 31 per cent for and 53 per cent against.

If Britain withdrew from the EEC, the poll shows that only 29 per cent would favour continued Danish membership, while 56 per cent would be against.

In the referendum on membership in October 1972 there were 57 per cent for and 33 per cent against, with 10 per cent not voting.

The Government is committed to holding a new referendum if Britain decided to withdraw. Denmark, which entered the Common Market with Britain and Ireland in January 1973, had linked its application for membership with Britain's joining.

Referendum News, Page 14

## GIBRALTAR

## Talk about talk about talks

BY JOSEPH GARCIA, GIBRALTAR CORRESPONDENT

BRITISH and Spanish diplomats decolonisation should be tackled not on the verge of giving up Spanish influence. The 23-point pact of an immediate and lasting formula that will enable formal Government "is absolutely not cent of Spaniards say in Madrid that they do not favour risking contact to be resumed on the Spanish soil." Britain had in only 16 per cent wanted the British colonial presence too much in the process. Indeed when voting at successive UN General Assembly resolutions which restrictions on flights to Gibraltar each December, regret that the Spanish airspace emerged which should problem has not been resolved, which the Spanish imposed augur well for the future.

begin negotiations without delay, and ask that the decolonisation committee be informed of the outcome at the next UN session.

This has been going on for nearly a decade without a solution having been brought any nearer.

Neither side is really averse to talking, but the question is what to talk about. Each views Rock. Not surprisingly, the secretly presented by a senior Spanish approach is to claim front of Spanish intentions. The Haya, a special convened

as that of December 1969, in which Britain was urged to itself simply served to nourish the transfer of sovereignty to Spain is unacceptable to the vast majority of Gibraltarians. Sir Lopez Bravo has 1973. Sir Joshua turned down

which the Spanish proposals being considered in the detailed Spanish proposals being

not extend for another decade there will have to be a re-appraisal of attitudes. The Spanish Government will have

that the mood of the Gibraltarians remains unchanged.

If this dialogue of the deaf is to continue, Sir Joshua will have to accept, however grudgingly,

British policy on the issue is enshrined in the preamble to the Gibraltar constitution, saying

which the elected representatives of the British Government will never enter into arrangements

on being accepted, including under which the people of

Gibraltar would pass under the sovereignty of another state

against their free and democratic expressed wishes. Only

in March in the British House of Commons, when questioned on

this point, Mr. Roy Hattersley, Minister of State at the Foreign Office, described the British

undertaking as "a definitive statement of attitude on Gib-

raltar," established by the Labour Government in 1969,

endorsed by the Conservative Government which followed it

and maintained since then by us."

## Bickering

In ten years of bickering there has been no narrowing of fundamental differences with Spain

thinking that the use of the stick Douglas-Home, culminated in

the detailed Spanish proposals being

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## Rejecting

In rejecting the Spanish proposals, Sir Joshua has made available to Spain a list of rights which the elected representatives of the British Government will never enter into arrangements

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## Rouble convertibility hint

VENICE, May 12.

THE PRESIDENT of the Soviet Bank for Foreign Trade, Mr. Yuri Ivanov, said growing Soviet trade outside Comecon raised prospects for convertibility of the transferable rouble.

He told currency bankers here the Soviet Union considers introducing convertibility from time to time in connection with international monetary developments. He

## Two sides talk in Cyprus

NICOSIA, May 12.

GREEK and Turkish Cypriots began talks today on whether they can set up a joint central government after more than a decade of division.

A committee made up of three members from each side met for two hours in the presence of Mr. L. Weckman Munoz, United Nations' special representative in Cyprus. A UN spokesman said they discussed and settled procedural matters and had a preliminary general exchange of views.

The committee decided to meet again on May 14 at the Ledra Palace UN conference area on

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## OVERSEAS NEWS

# UAE agree to merge forces

BY RICHARD JOHNS, MIDDLE EAST EDITOR

**THE SEVEN** member states of Union Defence Force. The United Arab Emirates agreed in principle yesterday that their military forces of the federation should be merged and that "experts from neighbouring Arab countries" should be called into advice on their unification.

After a meeting of the Supreme Council which appears to have been a success for Sheikh Zaid, President of the UAE and Ruler of Abu Dhabi, a communiqué was issued saying also that the advisors would draw up recommendations to ensure that the Federal Government would have sole authority over the import of all weapons and equipment into the Union.

At the last meeting, two-and-a-half weeks ago, there were apparent reservations about the plan on the part of Sheikh Rashid, Ruler of Dubai who has recently built up his State's Defence Force to a strength of 2,000 men.

In man-power and fire-power, however, both it and the Union Defence Force (3,000 men) are dwarfed by the Abu Dhabi Defence Force which is now believed to number some 15,000 in its land, air and sea wings. Moreover, Abu Dhabi has been a wholly responsible for financing the federal budget since the UAE was formed late in 1971 and, thus, holds the purse strings of the

## PLO names negotiators for joint command talks

BY IHSAN HIZAJI

BEIRUT, May 12.

**THE** Palestine Liberation Organisation has formed a by Syria and the Palestinians of seven-member committee to the mission to the Middle East in negotiate with Syria on the proposed unified military and Dr. Henry Kissinger.

This was achieved at a meeting headed by Mr. Khalid al Fahoum, Speaker of the National Council executive committee of the PLO or Palestinian parliament in under its chairman, Mr. Yassir Arafat. Syrian President Hafez Mr. Farouk Kaddoumi, head of Assad proposed the unified PLO's political department.

Syrian-Palestinian command in informed sources here said March. The proposal was submitted by Mr. Arafat will take over the subsequently endorsed by the policy chairmanship if President Assad decides to head the Syrian decision bodies of the PLO.

Efforts to get the proposed gation to the talks. They were delayed by recent attempts made by the Egyptian movement and the PLO and between Egypt escalate its activity inside Israel and Syria. Their relations had and occupied territory.

## China wary of Soviet base moves

By a Special Correspondent

PEKING, May 12. CHINA has made no official comment for its reports that the Soviet Union has asked for the use of Cam Ranh Bay as a naval and air base. However, such a move could only cause extreme alarm here, and would be regarded as an act of aggression by the Soviet Union.

The new situation in Indonesia as far as China is concerned is an extremely delicate one. The best China can hope for in both Vietnam and Cambodia is that the new Government will maintain an even-handed attitude towards both their great patrons.

Through the Vietnamese Foreign Ministry of the Interior. Equally significant is the stated agreement that all contacts with foreign countries should be through the UAE Government thus avoiding the disruption that could be caused by bilateral links such as those which Ras al Khaimah had been developing with Saudi Arabia.

According to official sources,

however, the late King Yeisal agreed verbally not to channel aid directly to this maverick member of the union at the time of the settlement of the long standing border dispute between Saudi Arabia and the UAE last summer.

## INDOCHINA'S DOMINOES

# Laos goes quietly

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

LAOS, THE LAST, the poorest or even days. At the same time, those who might have stood in the Comindochina effectively fell yesterday to the Communists. Yet, so little blood was spilt that the average Laotian may not be aware that the change has been made.

The terms of the handover were simple and clever — as it was seen that the Americans were not coming back and that they had settled elsewhere in Indochina began to topple. Indeed, some observers believe that handing full power to the Pathet Lao would quickly be the only way of preserving some form of national identity. Otherwise, North Vietnam would have learnt more and more and gained more and more influence to produce the same result.

In his first act, General Kham ordered Nationalist troops not to move unless and until he specifically ordered them to.

There are two immediate reasons for the Communists' success. Ever since the peace was outlined in 1973, and finally settled in 1974, the Pathet Lao have made all the running. At no stage have they resorted to outright violation and a reopening of the war — had they done so the presence of 25,000 North Vietnamese troops could have sewn up the victory within weeks.

1960s Laos was sucked into the was a Pathet Lao deputy, and seed." Even U.S. experts con- vice versa. But after the 14 ceded that 99 per cent of the bombs fell on civilians. Th months of talks produced formal peace, the Communist armies were allowed to retain tip the balance of opinion in barking on a massive, yet for a subject to direction by the (Nationalist) Defence Minister.

How soon the Pathet Lao will move to consolidate their power is not clear. Prince Souvanna Phouma yesterday appealed for calm. "In reality, the situation of our country is not serious," he said. "The Government has not changed its law and policies and will continue firmly to apply the principles of our agreement and its protocols." The sick Prince, who suffered a heart attack last year, could be a useful figure-head, and if there were open elections, the Pathet Lao would win a big victory.

It is difficult to imagine Laos under a hardline Communist regime. The country and its 3m. people are incredibly poor. Every village has its pagoda, but the religion is intricately interwoven with pagan spirit cults. It will be interesting to see how Communism blends in with the tradition.

Many experts, particularly exponents of the domino theory, expect Laos quickly to become part of a solid Indochina Communist bloc directed from Hanoi. It may not turn out as aim before the aircraft can take off.

Out in the country, the most noticeable things are the poverty and the influence of Buddhism.

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NOTICE IS HEREBY GIVEN that DIVIDEND No. 32 (Interim dividend payable to shareholders registered in the books of the company on 15th June 1975) is declared.

The dividend is declared in South Africa only and the rate of exchange at which the dividends will be converted into South African Rand is the same as the rate of exchange of the Rand against the British pound sterling on 15th June 1975.

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## HOME NEWS

**British Airways' drive to attract businessmen**

BY MICHAEL DONNIE, AEROSPACE CORRESPONDENT

THE possibility of providing a service to Los Angeles daily 747 new class of travel in some air-jet services to Philadelphia, especially for businessmen, 747s to some Caribbean points for the first time, new British Airways as part of its faster two-stop flights to Sydney overall plans to boost the volume and Melbourne, and 747s to New of business traffic that it carries. Zealand for the first time.

Few details of this special class are yet available, but it could take the form of a series of "walk-ins" for business travellers throughout the U.K. Companies will be invited to attend, and help the airline take stock of the progress of its plans to improve services to businessmen.

The idea was raised yesterday by Mr. Gerry Draper, director of the British Airways Travel Division, as part of a major campaign by the airline to attract more business travellers to its flights.

Mr. Draper pointed out that at present there are 2m. British

businessmen and women who fly with British Airways every year, accounting for just under half of the airline's total U.K. passengers and about 60 per cent. of its U.K. revenue.

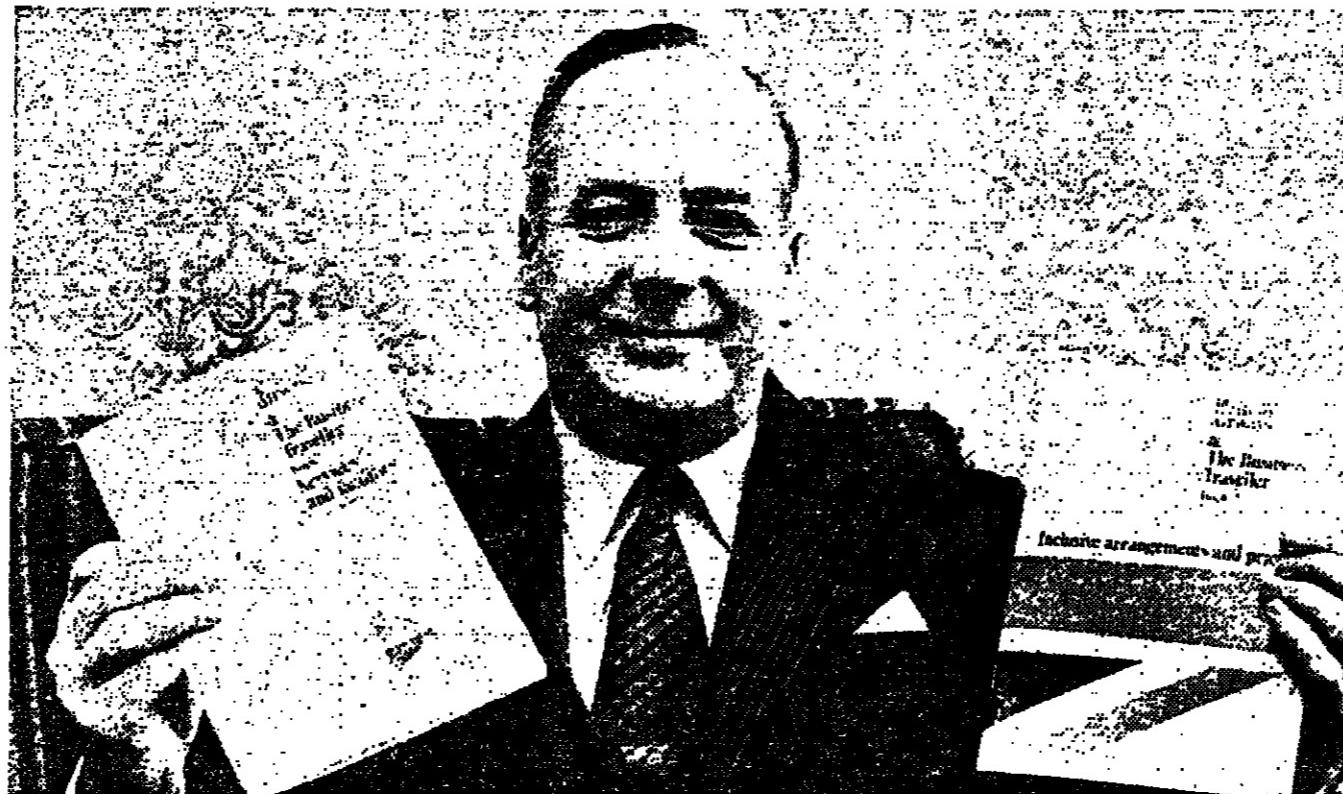
The campaign to attract even more business travellers will be in four phases, spread over a period of time.

The first phase, starting immediately, includes provision of a wide range of back-up facilities for businessmen, including publication of a new guide to British Airways and the Business Traveller, which lists all the assistance any businessman can get from the airline, to other points on its network.

A separate series of innovations is being prepared for Concorde on long-haul routes, so that the benefits of the faster flight times are not lost through delays on the ground. These facilities are expected to include a special check-in desk in the Heathrow Terminal Three.

Summarising the plans, Mr. Draper said: "The challenge for British business is clear-cut especially for the smaller companies to venture further abroad for trade."

"British Airways must help the challenge. We have geared ourselves to be the first airline over the controls and carried out a normal landing."



Gerry Draper, director of British Airways Travel Division, introduces the airline's plans to help business travellers.

**Fourth phase**

In the fourth phase, British Airways will look at innovative ways of improving its operations. One of these will be consideration of the new class of travel for businessmen.

Another will be consideration of extending the London-Glasgow walk-on/walk-off shuttle services to other routes, including international routes.

The airline will also look at extending the one-piece baggage system for travellers already introduced experimentally between London and Paris, to other points on its network.

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**TriStar damaged in landing**

Financial Times Reporter

BRITISH AIRWAYS

is investigating an incident of Heathrow involving a new TriStar jet liner. The aircraft—carrying 152 passengers—came in to land on auto-pilot at the wrong angle.

Parts of the runway and the rear fuselage of the wide-bodied jet—bought recently for £10m.—were damaged.

The incident occurred on Sunday as the TriStar, flying in from Majorca, locked into its auto-liner approach. The three pilots realised that something was wrong, but although the captain corrected the fault, the "tail-skid"—a mechanical device built into the aircraft to help in the event of a heavy landing—scored the runway.

British Airways claimed last night that there was no question of the aircraft's making a wrong approach. "The aircraft pitched down over the controls and carried out a normal landing."

**Metal Box to use new technology**

BY RYHS DAVID

METAL BOX, the U.K. metal paper and plastics packaging concern, is hoping to begin commercial production in the autumn of a new technology—seamless two-piece food cans.

The development, which is thought to give Metal Box a lead over its canning rivals in the U.S. and on the Continent, uses a technology similar to that already employed in making beverage cans, but not previously capable of being extended to the manufacture of food cans.

The process for beverage cans consists of punching out an aluminium or tinplate cup from a sheet of metal which then requires to be closed only at one end. The conventional process involves seaming a sheet of metal and inserting two ends.

The drawing and wall ironing process now widely used for beverage cans has not been suitable, however, for food cans because the vacuum formed inside the can when the food is being processed causes the walls to buckle.

The Metal Box development announced at the Interpack exhibition in Dusseldorf yesterday, uses a method known as "draw redraw" which makes it possible to form a cup using thicker materials.

This process, which has been used for a number of years to produce at comparatively low speeds specialised food cans and kitchen utensils, involves stamping out sheets of tinplate into

**Unsold home stocks at new low**

By Michael Cassell

THE STOCK of unsold homes either finished or virtually completed by builders has reached its lowest point for 18 months.

According to a survey conducted by the Department of the Environment, builders and property developers were estimated to have had about 37,000 unsold homes on their books at the end of February and these were either ready for occupation or in the final stages of construction.

The total compares with an estimated 56,000 homes which were unsold at the end of October, 1974 and 47,000 still

on the market at the end of March last year. While the latest figure represents a substantial decline in the level of unsold stocks, the total remains comparatively high.

**Reksten sale of P & O shares likely**

BY MARGARET REID

ALTHOUGH NO disposals seem likely to have been made if it could be arranged, the likely method would be by placing Reksten, the Norwegian shipowner, has a 30 per cent. interest in Anglo-Nordic Shipping, which owns the tanker group valued at some £80m. in 1973. To inquiries whether any moves had been made from the Reksten side to

Mr. Reksten, who is well known in shipping circles as having operated highly profitably in the spot tanker market in the past, is thought to have been hit by the recent slump in tanker rates.

He added that, if such moves were made, "we would obviously look at the price." He declined to comment on what price would be acceptable.

The Reksten interests are also thought to hold an interest approaching 15 per cent. in Furness Withy, the shipping company which yesterday announced profits up from £13.9m. to £24.7m., and whose shares last night ended 3p up at 180p.

**On the cards**

In addition, Hambrus Bank, the London advisers of the Reksten companies, probably have a further 5 per cent. The current market worth of 15 per cent. of FW would be some £8m.

It is obviously on the cards that if investments of the Reksten interests in Britain were being considered for possible sale, the FW holding would be a potential candidate for disposal. Signs are that, unlike the P &amp; O stake, disposal in this case would be more likely to be

but it seems that a sale of the to another shipping concern.

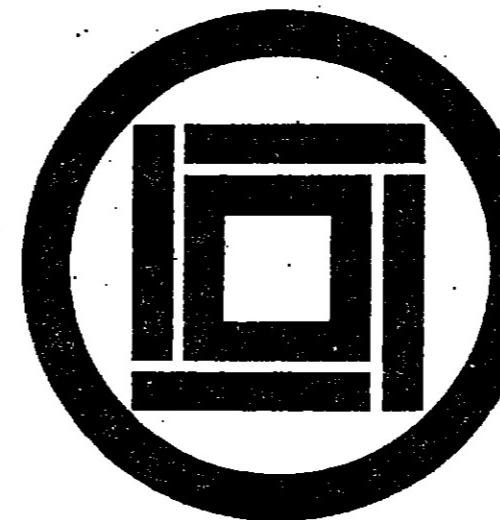
**£1m. for land clearing**

THE NATIONAL Coal Board, Council and Rhymey Valley District Council.

He said the scheme would "restore heart" to the village of Derri, which is sandwiched between the two derelict mines.

**SHIP FREIGHTS UP**

Member lines of the South and South-East Africa shipping conference, because of rising costs, are to raise freight rates between the UK-Continent and Walvis Bay-Chinande from August 1 by about 10 per cent. in each direction.

**ICIPU**ITALIAN PUBLIC STATUTORY CREDIT INSTITUTE  
HEADQUARTERS: VIA QSELLA, 2—ROME**ISTITUTO DI CREDITO PER LE IMPRESE DI PUBBLICA UTILITA'****BALANCE SHEET AT 31st DECEMBER 1974**  
(in million lire)

Loans	2,361,042
Securities	1,577
Current Accounts with Treasury, Bank of Italy and other Banks	397,677
Sundry Debtors and various	104,840
Unamortized Bond Discount	54,481
Other Assets	10,664
Contra Accounts	326,488
	3,256,769
Capital	21,000
Reserve Funds	78,883
Bonds in circulation	2,201,914
Loans	344,940
Advances received	29,743
Matured Bonds and Accrued Interest	136,001
Sundry Creditors and various	103,433
Other Liabilities	10,566
Net Profit	3,801
Contra Accounts	326,488
	3,256,769

**ASSETS****LIABILITIES****SBORN INTERIM STATEMENT****INTERIM RESULTS**

	25 weeks to 21.3.75*	22.3.74
Sales	£'000	£'000
Trading profits for the period	14,649	12,494
Steels	427	185
Tools	192	122
Overseas	882	811
1,501	1,118	
Share of profit of associated companies	79	34
Group profit before interest, after charging depreciation for the period of £273,000 (1974 £278,000)	1,580	1,152
Interim Dividend	1p per share net 54	(8375p per share net 79)

Sales and profits in the main operating groups show an increase over the same period last year. In my statement in last year's annual report, I draw attention to the importance to the company of Britain remaining a member of the EEC. From the viewpoint of long-term job security, we are urging our employees to vote in the referendum for Britain to remain in the EEC.

B. E. Cotton Executive Chairman  
Samuel Osborn & Co. Ltd., P.O. Box No. 1, Sheffield S30 3TR.

An international group manufacturing and selling high quality steels, engineers' cutting tools, mining and engineering equipment.

**Empire Stores (Bradford) Limited**

Salient points from the circulated statement by the Chairman, Mr. C. T. Wells, on the financial year ended 31st January, 1975.

Start of the year adversely affected by 3-day week, thereafter continued improvement. Group sales finally achieved total of £22,147,000, an increase of 21%.

The Company has been faced with considerable increased costs and has suffered from Government restrictions on margins, nevertheless net profit before tax up 4% to £3,660,000.

Final dividend of 1.49p, together with interim of 1.31p, makes 2.80p per share total, the maximum permitted.

The mechanised warehouse at Kettlethorpe, together with benefits derived from the computer, made a considerable contribution to the efficiency of the Company. Service to agents and customers now equal to the best.

Great attention has been paid to cash flow and finance. Institution of tighter controls on stock and debtors, together with arrangements made with the Company's bankers, should enable the Company to have the minimum of financing problems within the next two years.

The economic problems of the near future and the problems of inflation on costs make any forecast of profitability very difficult. The efficiency of the Company is, however, higher now than it has been for many years and we are well situated to make the best of available opportunities.

Empire Stores (Bradford) Limited 18 Canal Road Bradford

## LABOUR NEWS

Scottish teachers win £315 at least

# P.O. engineers win 25% increase from July 1

BY JOHN WYLES, LABOUR REPORTER

SCOTLAND'S 30,000 teachers will receive increases of at least £315 a year, backdated to April 1, under a £21.8m. pay deal announced yesterday by the Scottish Teachers' Salary Committee.

The award, giving average increases of 20.1 per cent, means that lower paid teachers will receive a minimum of £2,393 a year. Under the settlement, teachers will receive £315 or 10% per cent, whichever is greater.

Meanwhile, Britain's technical college lecturers decided to take their pay dispute to the independent Advisory, Conciliation and Arbitration Service.

The Association of Teachers in Technical Institutions, which represents about 54,000 lecturers, reached their decision on their 26 per cent claim after a meeting with local authorities in the Burnham Committee reached near deadlock last week.

The management side had offered a 12% per cent rise on salaries up to £5,000 and £1,000 on salaries over £8,000 in response to the lecturers' rises of £580 plus 12 per cent.

## Underground offer defies Government

LONDON TRANSPORT has followed its cost of living index-linked pay deal for bus drivers with a similar offer to 15,000 Underground workers.

The offer again flies in the face of Government opposition to future index-linked deals in the public sector, but London Transport claims that it is no more than maintaining living standards under the social contract's guideline.

Underground workers, like the busmen, benefit by an extra £8 a week above last year's pay rises by the employers' agreement to continue the Stage Three threshold arrangement. This year's offer would consolidate this £8 into the basic rates and provide additional 0.75 per cent pay rises for each percentage increase in the cost of living over the next 12 months.

The £8 a week threshold has already raised the lowest-pay rates by more than 28 per cent above levels of a year ago, but stop this character assassination. Its value is below 20 per cent or you will have faster than for the highest paid motorists. The employers have agreed an extra 85p "new money" to this to account for your stewardship group to bring their increases to of the organs of propaganda."

Just over 21 per cent for the year.

More than 300 delegates overwhelmingly passed an executive

question not of censorship, but without "vulgar personal abuse".

## Jenkins defends Benn's policies

BY OUR LABOUR CORRESPONDENT

A STRONG gesture of support sponsored emergency motion condemned Press treatment of Mr. Anthony Wedgwood Benn, Benn and endorsing his work, particularly in the hands of individual proprietors.

Mr. Jenkins said that two major general Staffs whose general attacks were being mounted on private life for a political purpose, when we have sheer abuse for a political purpose, when we have distorted cartoons for unreasoning, emotional and political purpose, the proprietors of the Press should know that they are putting themselves in peril because they are abrogating

the definition of what constitutes an emergency service is being left to the regional and local branches, so no clear national pattern is emerging. Generally, firemen are thought to have stopped such activities as inspecting premises to make

## Seamen support industrial action

By Our South Shields Correspondent

THE FIRST sign of willingness among Britain's 40,000 merchant seafarers to stage industrial action has now come over their lead.

Looked over talk has come from South Shields.

The three-day conference began on a sombre note with delegates standing silently in memory of three colleagues gunned down last year by Britain's most wanted killer—the Black Panther.

Mr. Norman Taylor, the Federation's General Secretary, said:

"The frightening thing is that neither politicians nor the public seem to have any serious concern. The answer must now rest with the State. It is up to Parliament to ensure the safety of the individual."

Their resolution added: "We pledge full support to the executive should they decide on industrial action."

### 'Discontent'

Mr. Frank Frost, a collier hand for many years, said afterwards that the men were very militant and willing to back strike action. "There's a lot of discontent at the talk of seamen averaging £70 a week," he said.

"We are not getting that money here and under the new offer an AB basic wage, including the consolidation of £4.41 threshold payment, would be £55.28 for seven days.

"Unless the owners come up with a very substantial offer, industrial action will be on the cards."

The Council of British Shipping said later that the references to average earnings of about £70 applied to foreign-going able seamen and included overtime, leave pay and other entitlements.

It appears that the Advisors Conciliation and Arbitration Service may become involved in moves to try to break the deadlock.

## Firemen restrict services

By Our Labour Staff

ABOUT 27,000 firemen throughout Britain yesterday began to restrict their services to emergencies only in order to press their claim for an interim pay award. Lives would not be endangered by the action, the Fire Brigades Union said.

The definition of what constitutes an emergency service is being left to the regional and local branches, so no clear national pattern is emerging. Generally, firemen are thought to have stopped such activities as inspecting premises to make

sure that there is adequate fire prevention and cleaning station windows.

The firemen's main demands are for an interim award to keep their earnings in line with inflation and for a reduction of their working week from 48 to 40 hours.

The employers claim that the unions have decided on industrial action without exploiting all possibilities for negotiation. They are seeking some "clarification" of the demands, but no formal talks are scheduled.

## Nalgo replies to Crosland on spending

SURPRISE and concern that Mr. Anthony Crosland's statement on local government expenditure should have been made without prior consultation with unions and employers was expressed yesterday by Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association.

Mr. Drain said that he was surprised that Mr. Crosland should talk of "the party being over" in local government when his members were wondering when the party ever began.

There was a national staff shortage of 10 per cent in local government, which meant that in too many areas it was a real struggle to keep essential services going.

If Mr. Crosland means that we are to have a standstill now, he, more than anyone, should know that this means real damage to many existing services and I am not speaking of so-called prestige projects, but of housing, education and the personal social services."

He was seriously concerned at the lack of effective consultation and contended that Government policy in relation to local government would be more realistic if those concerned were properly involved.

### IN BRIEF

#### Sit-in order

The Appeal Court yesterday ordered 30 workers to leave the North London factory of Crosfield Electronics, which they occupied for six weeks in an attempt to save the jobs of colleagues declared redundant.

#### Actors seek 45%

EQUITY, the actors' union, decided at its annual conference to seek a 45% increase in the present £30 a week minimum wage throughout the entertainment industry.

#### Laing walkout

WORK at Laing Offshore-North Sea oil platform yard at Hartlepool was brought to a standstill yesterday when the 2,000 workforce walked out after a fatal accident. Work is expected to resume this morning.

## BASF Aktiengesellschaft Ludwigshafen am Rhein

We are convening our

### 23rd Annual Meeting of Stockholders

on Thursday, June 12, 1975, 10.00 a.m.  
at the BASF-Festsaalgebäude, Leuschnerstrasse 47,  
Ludwigshafen/Rhein

#### Agenda

1. Presentation of the Financial Statements of BASF Aktiengesellschaft and of BASF Aktiengesellschaft and its consolidated German subsidiaries;
2. Ratification of the actions of the Supervisory Board Report;
3. Declaration of dividend;
4. Ratification of the actions of the Board of Management;
5. Election of a new Supervisory Board-member;
6. Changes of Articles of Incorporation;
7. Appointment of Auditors for the Fiscal Year 1975.

Shareholders entitled to participate in the General Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting. Depositary banks are those specified in the Bundesreiszeiger of the German Federal Republic No. 81 of 30th April 1975.

Depositary banks in the U.K. are:

Kleinwort, Benson Limited,  
S.G. Warburg & Co. Ltd.

The deposit of shares is only effective if they are lodged by the 9th June, 1975, at the latest.

Ludwigshafen am Rhein, April 30, 1975  
BASF Aktiengesellschaft  
The Board of Management

**BASF**

## World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 12, 1975. In some cases rates are nominal. Market rates are where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area, other than Scheduled Territory; (O) Scheduled Territory; (F) official rate; (P) tourist rate; (N) non-commercial rate; (A) not available; (R) approximate rate; (D) direct quotation available; (G) selling rate; (B) buying rate; (M) nominal; (E) exchange certificate rate; (B) based on US dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (C) commercial rate; (Cn) convertible rate; (Fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates of the dates shown.

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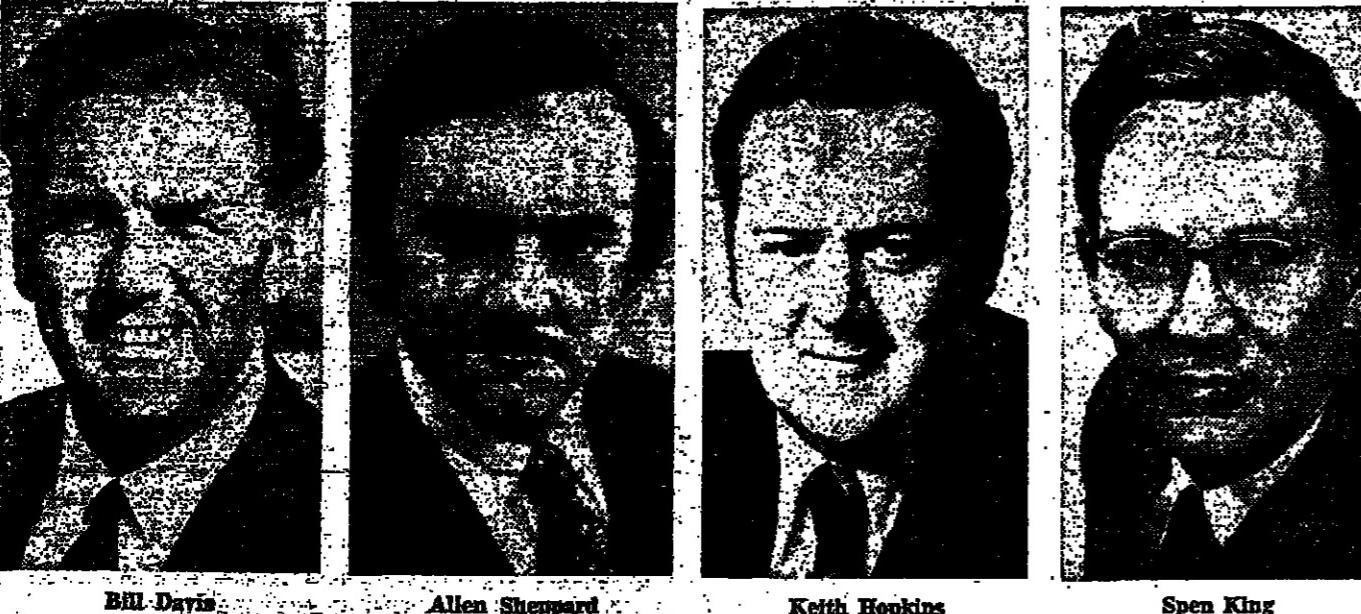
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## British Leyland announces other main appointments to car division

BY PETER FOSTER

**BRITISH LEYLAND**—moving quickly to avoid further uncertainty—has announced the other main appointments in its reorganised car division, following that of Mr. Derek Whittaker as managing director last week.

There are few surprises in the line-up for the new car division—which will be by far the most important in the revised BL set-up—and the company has relied almost exclusively on home-grown talent.

Manufacturing director and number two to Mr. Whittaker will be Mr. Bill Davis, 55, who has been with British Leyland or one of its predecessors for 40 years. He is currently director of manufacturing and holds a seat on the main Board, which he will have to relinquish when the revamped British Leyland emerges later this year.

Mr. C. S. "Spen" King, currently director of product development, becomes engineering and development director in the new division. Mr. Keith Hopkins—who last year became managing director of Austin Morris after six years as British Leyland's director of public relations—will be director of sales and marketing.

The other key post in the division, that of director of service and parts, goes to Mr. Allen Sheppard, who was managing director of the Parts and KD Division in the pre-Ryder organization.

The men appointed to the three top "staff" jobs in the new division, those of finance, systems and personnel, all have extensive experience outside British Leyland.

The finance directorship goes to Mr. Colin Daniel; Mr. John Leighfield becomes systems director and Mr. Geoffrey Whalen becomes director of personnel.

The structure of the new appointments broadly follows that recommended in the Ryder report, although there seem to be two minor changes from the pattern envisaged there.

British Leyland has appointed a separate product planning director, Mr. Alan Edis, apart from Mr. King, while responsibility for knock-down production has been separated from that for parts.

Other senior car division appointments were announced. Reporting to Mr. Davis will be Mr. Alice Sanders, manufacturing staffs director; Mr. Charles Maple, quality director; Mr. Richard Perry, managing director of Power Train and Foundry Division; and Mr. Ian Shawan, managing director of Body and Assembly Division.

The deputy director for engineering and development, reporting to Mr. King, will be Mr. Fred Maxwell. Reporting to Mr. Hopkins will be Mr. Trevor Taylor, sales director. Managing director of Parts Division, under Mr. Sheppard, will be Mr. John Egan.

With most of the key posts in the division filled, the difficult task of creating a single car division out of existing separate units will begin in earnest. So far no senior jobs have gone outside the Corporation, though several executives named yesterday joined only three or four years ago; this is in line with the favourable comment in the Ryder Report about the quality of Leyland's middle management.

Appointments are expected to be announced shortly in the International Division, where one of the main posts to be filled is that of director for Europe.

All these Securities have been sold. This announcement appears as a matter of record only.

US \$50,000,000

### The Broken Hill Proprietary Company Limited

US \$30,000,000 9½% Notes Due 1981

US \$20,000,000 10% Debentures Due 1990

Principal, premium, if any, and interest payable in United States dollars in New York City or in certain cities outside the United States without deduction for or on account of Australian withholding taxes, unless and so far as the Offering Circular. Interest is payable annually on May 1, commencing in 1976.

MORGAN & CIE INTERNATIONAL S.A.	FIRST BOSTON (EUROPE) Limited
ALAHIL BANK OF KUWAIT (K.S.C.)	ALGEMENE BANK NEDERLAND N.V.
ANDRESENS BANK A/S	ARNHOLD AND S. BLEICHOECKER, INC.
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BANCO DI ROMA	BANK OF AMERICA INTERNATIONAL
BANK MEES & HOPE N.V.	BANK CUTZWILLER, KURT, BUNGENER (OVERSEAS)
BANQUE DE BRUXELLES S.A.	BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.)
BANQUE GENERALE DU LUXEMBOURG S.A.	BANQUE PRANCAISE DU COMMERCE EXTERIEUR
BANQUE LAMBERT-LUXEMBOURG S.A.	BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE DE NEUFVILLE, SCHLUMBERGER, MALLEY	BANQUE DE PARIS ET DES PAYS-BAS
BANQUE ROTHSCHILD	BANQUE DE SUEZ ET DE L'UNION DES MINES
BANQUE WORMS	BARING BROTHERS & CO.
BERGENS PRIVATBANK	B. ALBERT DE RARY & CO. N.V.
CAPITALINI INTERNAZIONALE S.p.A.	BAYERISCHE VEREINSBANK
CITICORP INTERNATIONAL BANK	BERLINER HANDELS-GESELLSCHAFT
CREDIT COMMERCIAL DE FRANCE	BREISACH PINSCHEP SCHEIDER
CREDIT INDUSTRIEL ET COMMERCIAL	FRANKFUTTER BANK
CREDIT SUISSE WHITE WELD	BANQUE DE PARIS ET DES PAYS-BAS
THE DELTEC BANKING CORPORATION	CREDIT INSTITUEL D'ALSACE ET DE LORRAINE
DEUTSCHE BANK	CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
DRESDNER BANK	CREDIT DU NORD ET UNION PARISIENNE
GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARFÄSSEN	CREDITO ITALIANO
HAMBOS BANK	DAIWA EUROPE N.V.
INDUSTRIEBANK VON JAPAN (DEUTSCHLAND)	DEN DANSKE LANDMANDSBANK
JARDINE FLEMING & COMPANY	DEN NORSKE CREDITBANK
KLEINWORT, BENSON	DILLON, READ OVERSEAS CORPORATION
KUHN, LOEB & CO. INTERNATIONAL	DILLON, READ OVERSEAS CORPORATION
LAZARD-FRÈRES ET CIE	DENMARKS BANK
MANUFACTURERS HANOVER	DENMARKS BANK
SAMUEL MONTAGU & CO.	DENMARKS BANK
THE NIKKO SECURITIES CO. (EUROPE) LTD.	DENMARKS BANK
ORION BANK	DENMARKS BANK
PIERSON, HEIDRING & PEESON	DENMARKS BANK
N.M. ROTHSCHILD & SONS	DENMARKS BANK
J. HENRY SCHRODER WAGG & CO.	DENMARKS BANK
SKANDINAViska ENSKILDA BANKEN	DENMARKS BANK
SOCIETE GENERALE	DENMARKS BANK
SVENSKA BANDELSBANKEN	DENMARKS BANK
ULTRAFIN INTERNATIONAL CORPORATION	DENMARKS BANK
VERKINS LTD. WESTBANK	DENMARKS BANK
WARDLEY	DENMARKS BANK
WESTDEUTSCHE LANDES BANK	DENMARKS BANK
YAMAUCHI INTERNATIONAL (EUROPE)	DENMARKS BANK

## APPOINTMENTS

# Sir James Steel to head Furness Withy

Sir James Steel, a director of FURNESS WITHY AND CO. since 1972, will become chairman after the next annual meeting. He will succeed Lord Beeching, who is reducing his business commitments on medical advice and will relinquish the chairmanship and retire from the Board.

Mr. Robert W. Boardman has resigned as chairman of BRINTEX EXHIBITIONS and from Boards of all its subsidiary and associated companies to develop private business interests. His responsibilities within the BrinTex Group will be handled by Mr. C. F. Garrett.

On his appointment to the Board of Sears Engineering Group, Mr. Edgar Pickering has relinquished his position as managing director of EDGAR (HOLDINGS) and has been elected chairman. Mr. David L. Dunne has resigned as chairman and as a director for personal family reasons.

Mr. Brian L. Allen has joined the Board of BURY AND MASCO (HOLDINGS) and has been elected chairman. Mr. David L. Dunne has resigned as chairman and as a director for personal family reasons.

Mr. Peter Leslie and Mr. Douglas Horner have been appointed directors of BARCLAYS BANK PLC (AGRICULTURE).

Mr. Leslie continues as a general manager of Barclays Bank and Mr. Horner becomes also a general manager on that date.

Officers of the ASSOCIATION

OF COST AND EXECUTIVE

ACCOUNTANTS elected for the

coming year are:

MR. S. K. DEX

MR. J. CASH

MR. R. G. H. SAVORY

MR. J. NEAVE

MR. J. BISHOP

MR. R. K. FARLEY

MR. J. G. JACKSON

MR. D. J. WHITE

MR. A. O. BUNT

MR. E. R. LATIMER

MR. J. G. JACKSON

MR. P. LESLIE

MR. D. L. DUNNE

MR. D. L. ALLEN

MR. D. J. WHITE

MR. R. G. H. SAVORY

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MR. D. L. ALLEN

MR. D. J. WHITE

MR. A. O. BUNT

# PARLIAMENT



# Benn swoops in style We'll find an oil chief, says Varley

BY PHILIP RAWSTORPE

**FOR SOMEONE** whose wings had been clipped, Mr. Anthony Wedgwood Benn swooped on the Tories in the Commons last night remarkably like a hawk among sparrows.

The Opposition, expecting a sitting duck, were soon sharply aware of their mistake.

Mr. Benn had come to cut the Commons debate on the Industry Bill, and "did so with a comfortable majority of 24 (230-256) for the Government's "guillotine" motion.

But the Industry Secretary, warmly encouraged by a gaggle of Labour Left-wingers, also showed that it takes more than the loss of a few feathers to ruffle his political assurance let alone put him down.

The Industry Bill, said Mr. Benn, was a central feature of the Government's policy and was urgently needed to safeguard jobs and stimulate investment.

"Cuckoo!" cried a few Tories—or words to that effect. But Mr. Benn flying rings around them, quickly reduced them to silence.

This legislation was the nestling of the whole Labour movement, he said, under the eye of both Mr. Michael Foot and Mr. James Callaghan. All the Government took pride in it. Even Mr. Harold Wilson, he added mischievously, had called it "radical, realistic and relevant."

"Any amusement there might be about this being a Bill that divides the Government is wholly misplaced," Mr. Benn declared.

Far from laughing, the Tories were soon

shouting in protest, as Mr. Benn, accusing them of "rank hypocrisy," said that their Government had hatched legislation which made far greater demands on industry.

If industry lacked confidence in the Bill, it was the lies and distortion of the Opposition that had undermined it, Mr. Benn claimed. The Government, he announced, was ready for further talks with the CBI and the TUC.

Dispensed in some confusion, the Opposition never recovered. Mr. Michael Heseltine, the Conservative spokesman, insisted defiantly that there was a "major conflict" in the Cabinet about the Bill—but Mr. Bob Mellish, the Government Chief Whip brightly denied it.

So long as Mr. Benn remained Industry Secretary, the prospects for British industry remained gloomy and depressing, said Mr. Heseltine. Industrialists were at their wits' ends, he added—nearing the end of his as he sought in vain to disturb Mr. Benn's preening.

Mr. David Crouch also tried from the Conservative backbenches. "My shots are peashooters compared with the 15 inch guns of the Prime Minister," he admitted finally. And little impression they had made.

Mr. Eric Heffer the former Minister of State for Industry, hovering on the back benches, added a warning to the Prime Minister that even heavier guns would be brought against him if there was any deal with the CBI to end Mr. Benn's free flight.

The claim was immediately denied by Mr. Eric Varley, the Energy Secretary, answering questions in the Commons. But despite his denial the Conservatives are still not satisfied and are likely to raise the matter again at today's meeting of the Standing Committee on the Petroleum and Submarines Pipelines Bill.

Mr. Jenkins asked how long it was since Ward Howell International, the employment consultants, had been asked by the Government to find a chief executive for the corporation.

He said that Ward Howell had not advised the Government that the proposed management structure of ENGC was "wholly misconceived" and there was no chance of finding a chief executive on the terms laid down by the Department of Energy.

In reply Mr. Varley said that the Ward Howell report was confidential and he would like to know where Mr. Jenkins had obtained his information.

"I can tell you in any case you have been misinformed," the Secretary of State went on. "That is not the case. There are people who have said that they would like to take on this job."

He predicted that there would be no difficulty in finding someone who fully supported the concept of the Corporation.

In the Commons exchanges Mr. Jenkins did not elaborate on his allegation that the difficulty had arisen over the management structure.

However, the Conservatives believe that the trouble lies in the fact that the corporation will have a powerful chairman and that the chief executive will be subordinate to him and the Board.

According to the Tories the search for a candidate has gone on for some months but no senior personality in the oil industry has been prepared to take the job on these terms.

**Coal output highest for two years**

BY JOHN HUNT

**THE CONSERVATIVE** Energy spokesman, Mr. Patrick Jenkin, alleged yesterday that the Government has been told that it is not possible to find a person of chief executive of the British National Oil Corporation on the terms offered.

The claim was immediately denied by Mr. Eric Varley, the Energy Secretary, answering questions in the Commons. But despite his denial the Conservatives are still not satisfied and are likely to raise the matter again at today's meeting of the Standing Committee on the Petroleum and Submarines Pipelines Bill.

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**Coal output highest for two years**

By John Hunt

**PRODUCTIVITY** in National Coal Board pits had increased and was the highest for two years, Mr. Alex Eadie, Energy Under-Secretary told the Commons yesterday.

He said that it now looked as if the output targets for coal production this year would be met.

Answering Commons questions, the Minister said that he felt that the miners realised that increased productivity meant a larger slice of the cake for them and would assist economic recovery.

In later questions, Mr. Eric Varley, Energy Secretary, said that the Central Electricity Generating Board's power station ordering programme is being urgently reviewed in the light of the Electricity Council's revised estimate of the demand for electricity by 1981-82.

He would not anticipate the outcome of the review but said that it would not affect the size or timing of the steam generated heavy water reactor programme.

Mr. Varley said the Government was examining very carefully the extent to which the fall in demand for electricity will affect plant manufacturers.

Mr. Varley also said that the estimate of developing the proven reserves of North Sea oil and gas was in the range of 65bn to 72bn, at today's prices.

The share of the investment to be borne by the British National Oil Corporation would depend on the outcome of the present participation negotiations.

**Scrimp and save years ahead'**

LOCAL GOVERNMENT had enjoyed a spending spree with "ratepayers" and "Whiteladies". Professor A. R. Ierisic of Bedford College, London, told MPs yesterday.

He added that a generation of councillors had grown up in an era when the words "economy" and "restraint" were seldom heard in the council chamber.

But the spree might be followed in the next decade by scrimping and saving.

Professor Ierisic was giving evidence to the Commons Expenditure Committee. General government of central and local government spending.

He would be foolish to suppose,

he said, that the industrial nations like Britain could ever return to the situation where it was possible to rely on regular supplies of cheap food. Production costs, he stressed, were still rising and world food stocks lower than they have ever been in recent times.

In this situation, he said, a country such as Britain, which imports nearly half its food, cannot afford to gamble on picking up an occasional bargain whenever there might happen to be a temporary surplus of some commodity somewhere in the world.

**Higher rate VAT relaxed**

DR. JOHN GILBERT, Financial Secretary to the Treasury, said in a Commons written reply that he proposed to add tube fittings, bushes and other kinds of bearings to exemptions from the 25 per cent VAT rate. "I am authorising HM Customs and Excise to allow traders to charge VAT at the standard rate on these items on all supplies made on or after May 1 when the 25 per cent rate came into effect," he added.

## Energy loan scheme may be extended

Financial Times Reporter

THE GOVERNMENT is considering the possibility of extending the loan scheme to finance energy-saving investment by industry.

This was disclosed in the Commons yesterday by Mr. Eric Varley, Secretary for Energy, when he told MPs that industry has shown considerable interest in the scheme and that several hundred inquiries had been received.

"The initial applications are still being processed," said Mr. Varley "and consequently no funds have yet been advanced. I am considering the possibility of extending the scheme and also the need for further publicity but have no firm plan at the moment."

**Mrs. Hart: I won't resign if verdict is Yes**

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

ATTEMPTS BY Tory backbenchers to use special procedures in the Commons to get bylaws the previous day, yet Mr. Ridley said: "There is wide support for an emergency debate on sterling" and the pound had fallen further concern about this, because the even though Mr. Denis Healey, the Chancellor, had said last week that he did not want to see a greater depreciation.

Mr. Gow argued that the country would be bewildered if the Commons did not debate the matter. It was important that Britain and the world should see that the Government had stopped "fiddling" while the currency was burning," he added.

Mr. Taylor told the House that he had made no secret about the fact that he had sought to table a Private notice question, but he said he did not know about the other two applications.

The Speaker said he would not go into the matter of such questions as being tabled on sterling because of his "strong views" on whether or not they were helpful.

"I will say no more," he added. On the procedural matter about prior disclosure that application had been made for a Minister to answer a private notice question, he pointed out that confidentiality was involved—and should not be breached.

If it were breached, it put the Chair in a difficult position, in the present instance, he said: "I shall certainly make such inquiries as are open to me about how this has happened."

He was aware of the seriousness of the point Mr. Biffen had raised.

He said that it now looked as if the output targets for coal production this year would be met.

Answering Commons questions, the Minister said that he felt that the miners realised that increased productivity meant a larger slice of the cake for them and would assist economic recovery.

In later questions, Mr. Eric Varley, Energy Secretary, said that the Central Electricity Generating Board's power station ordering programme is being urgently reviewed in the light of the Electricity Council's revised estimate of the demand for electricity by 1981-82.

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**New Towns transfer planned by Silkin**

BY JOHN HUNT

THE GOVERNMENT will be the Commons in due course with putting forward proposals to his proposals.

In the early stages, the number associated with housing from the New Town Development Corporations to the new local towns. The housing which had been completed in Crawley, Hemel Hempstead, Welwyn and Hatfield would be among those transferred to local authorities.

According to Mr. Silkin, the Commission for the New Towns bad done a first-class job but its housing management had nothing to do with local accountabilities. The change in the role of the Commission which the Government was proposing was more fitting for a democratic era.

As a result of the Labour Government returning to a policy of renting, this waiting time had now been halved again.

The Minister said that the time has arrived to consider the relationship between the district councils.

Eventually there would be the transfer to local authorities on appropriate terms of housing and of the local community, the taxpayer.

He said that an investigation should be made into the "leak" spending cuts.

**Health spending plea to tobacco industry**

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night agreed to the tobacco industry's request to consider again its rejection of proposals that would increase the industry's contribution to health education.

Making this appeal, Government spokesman on health in the Lords, Lord Wells-Pestell, claimed that the alternative might be legislation with the implication that this could force the industry to contribute "sizeable proportions."

Baroness White (Lab.), opening the debate, had called for a weakness of voluntary agreements with the industry to be removed.

"We regard the principal weakness of voluntary agreements with the industry to be the gift schemes."

The present official warning made to strike a realistic balance between promotion and education

LOCAL GOVERNMENT had enjoyed a spending spree with "ratepayers" and "Whiteladies". Professor A. R. Ierisic of Bedford College, London, told MPs yesterday.

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In this situation, he said, a country such as Britain, which imports nearly half its food, cannot afford to gamble on picking up an occasional bargain whenever there might happen to be a temporary surplus of some commodity somewhere in the world.

**Heffer attack on Market steel role**

The Financial Times Tuesday May 12 1975

Heffer attack on Market steel role

# The Executive's World

EDITED BY JAMES ENSOR

JEL in LTB

Colt International, a small company, has made a considerable success of its Common Market operations. Its continental employees seem to approve, too, for as one told James Ensor,

## In a German company there would be 3 or 4 doors

Colt International, whose return on capital employed remains at an impressive 25 per cent. The first indications of the "In-Backing Britain Campaign" is that Colt was fortunate when it seriously contemplated to enter the Dutch market. It already had a Dutch to help swing votes in the European Referendum. For on its British staff, he has Colt, which builds factory ventilating systems—one of which has just won a Design Award. France and Germany as part of his management education programme. His choice of Colt was fortuitous at that time they were the only British company which would cut through the red tape of the foreigners work permit system.

### Germany

Mr. van der Sluis, fluent in German as well as English, is now managing director of Colt International GmbH, the German subsidiary after relinquishing the managing directorship by those who absorb the lessons from Colt's few mistakes.

### Advertising

An aggressively market-oriented company, with a line of highly amusing advertising—illustrate just how a small British engineering company can take advantage of the 250m people in the Common Market to widen its sales horizons. It also demonstrates some of the pitfalls which could be avoided by those who absorb the lessons from Colt's few mistakes.

### Colt started in Holland as a joint venture company with Braat Bouwstoffen, a Dutch public company marketing building materials. The combination of the existing Dutch marketing knowledge and customer contact with the British technical expertise proved highly successful.

Thanks to its Dutch partners Colt took off in Holland, making a modest profit right from the start—an achievement which Mr. O'Hea admits would have been totally impossible in a solo venture. With its own Dutch management, Colt began to take the preponderant share in Colt International. By 1968, which its Dutch partner came to regard increasingly as a trading investment.

The move into Germany was made out of group sales of just £17m. Profits, a mere £122,000 in 1968, had risen accordingly, to £15m. by 1974, with the pre-tax profit margin contributing.



Mr. Alan O'Hea, chairman of Colt International and managing director of the holding company

a plant in Germany at Kleve, commuting across the border just a few miles across the border from Cuijk. Both plants and British management are being in the development areas of their respective countries. Colt was able to draw on hand some investment grants and to buy land extremely opportunity.

But more important, it was able to run the two plants as an ex-Luftwaffe base at Deelen, in Brabant.

The German market was initially using British managing both and products made in Holland, though to-day German sales are refused to accept metres about three times as large. The German company runs on

it takes more than Tony Blackburn to get them out of here.



Colt has been using local variants of its witty advertising in Germany and Holland

Today, all but five of the 185 German lines with a works people employed at Kleve are council and a Supervisory Germans (one of the exceptions Board—though this is largely is Mr. van der Sluis and the composed of British directors, rest are temporarily expatriated. The Dutch company runs on Britons) and all but three of Dutch lines and is permitted to adjust to the familiar British use of Christian names. But they like the fact that they can buttonhole Alan O'Hea and argue with him about problems—something which would be out of the question in a formal German business environment. The absence of the traditional German dichotomy between technical and sales staff, with each working independently and at cross-purposes was also much commented upon.

Great efforts are made to integrate and align the management styles of the three companies, without in fact dragging the Continentals into accepting British standards. For instance, the accountants meet regularly for an exchange of ideas, and the superior British ideas of management are gradually being infused into the other two operations.

Most of the Dutch and German employees are expected to learn English, and many are Dutch agent profits hugely from the fact that prices for the identical product are twice as high in Holland as Britain, and explains that it is vital to have a joint venture operation with some local manufacturing or assembly.

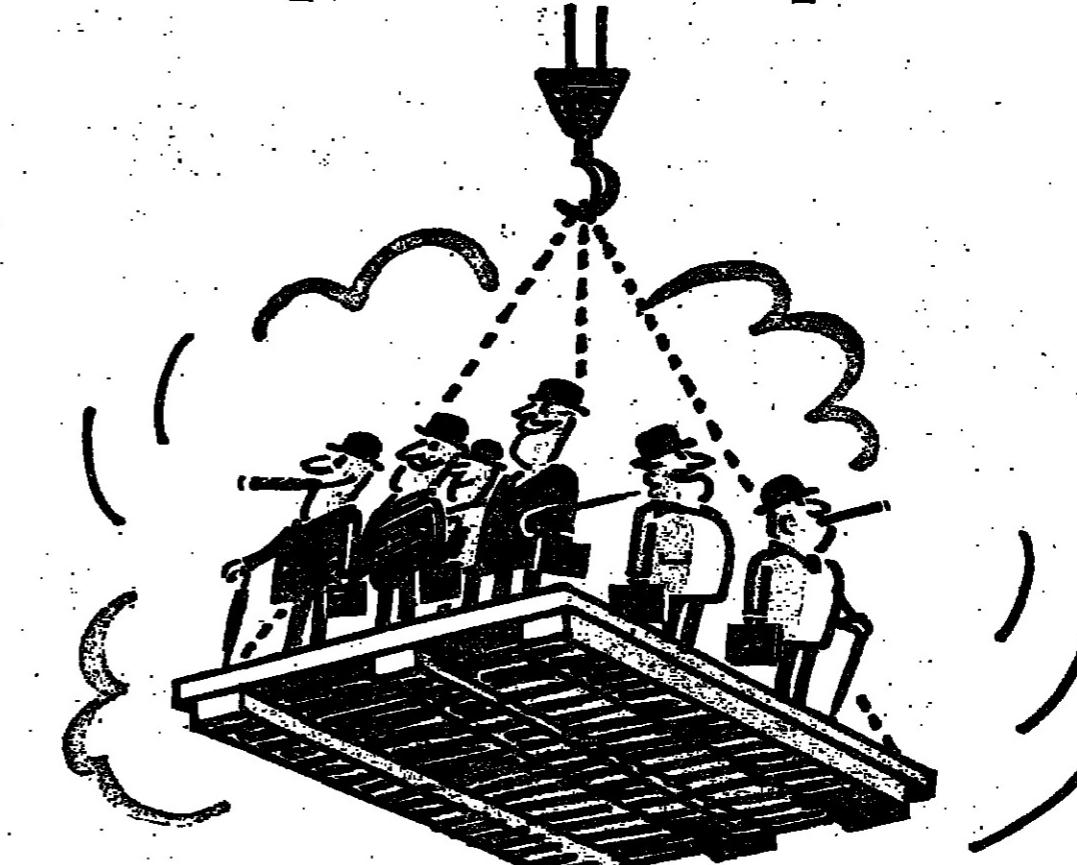
### Euro-Bridge

In pursuance of this policy, Colt is offering a Euro-Bridge to British engineering companies, perhaps in the fork-lift or related fields, by offering land on its Kleve estate and access to its German selling network for a suitable joint venture partner. It in effect would fulfil the role which Braat carried out for Colt.

Everybody, Germans, Britons and Dutch seems to have learnt from the Colt venture and to be happy with the results. The hard-headed German employees point out straightforwardly that they would have left by now if they had not been. The open-door style of British management—in a German company you would have to pass three of four doors before meeting the managing director" says one German, is much appreciated. So is the system of promotion on merit—by the young for the older Germans find it hard to accept that a young "high-flier" may be promoted over their heads.

But the British too, can learn from the democratic systems of works councils, and the progress particularly in Holland in keeping the workforce informed and motivated about what the company is doing. Boards in the office and plant record new orders and a permanent photographic exhibition outlines past successes.

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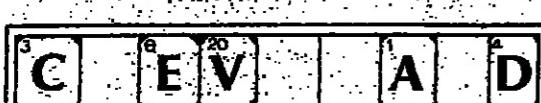
- (1) executives responsible for major decisions (e.g. chairman, managing director, divisional director).
- (2) senior staff members who advise the decision maker (e.g. directors of business development, planning, finance, R & D, engineering, marketing).
- (3) government planners and managers.

The Decision Analysis seminar will commence at 18.00 Sunday 8 June at the Royal Berkshire Hotel, Ascot. Fee is £250 plus VAT, which includes 2 meals, accommodations, and extensive seminar materials.

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TUESDAY, MAY 12, 1975

## Riding the storm

A VARIETY of business indicators are due to be published this week, the most important of which are likely (for one reason or another) to be discouraging not the catastrophe it might and will no doubt seem doubly so in the present, highly nervous state of markets. Yesterday's bunch, at any rate, was little more successful than the Prime Minister's fire-side chat in reassuring the exchange market, where the pound slipped sharply further.

None of yesterday's figures, in fact, throws much new light on the present economic situation. The index of retail sales for March has been revised heavily down from the original estimate, so that the total volume of sales in the first quarter of 1975 now appears to be much the same as in the final quarter of 1974. But the trend here, with personal saving running at a relatively high level and spending therefore apt to fluctuate from month to month, was distorted at the beginning of the year by the buoyancy of the annual sales and has since been distorted by heavy buying of household durables before and immediately after the Budget. The indices of wholesale prices for April show a more consistent movement, input prices of raw materials beginning to edge up again (in part because of a lower sterling exchange rate) and output prices still rising—mainly because of higher labour costs—at an annual rate of well over 20 per cent. There is no reason to expect an early slackening in the rate of inflation.

### Wage increases

The harm which the present excessive rate of wage increases is causing to the competitive position of U.K. exports, and therefore to sterling, is only emphasised by the latest index of industrial production, which shows a further drop in both overall and manufacturing output for March. The figure is not only old but provisional, but the general impression left is that industrial production has been falling, though at a varying rate, ever since last summer. The steady rise in wage rates which has accompanied this fall in output is the kernel of the to the mass of workers.

## Commercial realities at Chrysler

THE DISPUTE at Chrysler, lose money at the same rate, which the men have decided to continue despite the offer of a "new deal" unveiled by Rootes in the mid-1960s. Chrysler has spent large sums of money in the U.K. with very little return. Whatever the industrial strength is not confined to the public sector of industry. The workers at the plant concerned—the Stoke engine factory in Coventry—have considerable bargaining power because they supply engines for the Chrysler range of vehicles and for the Iran assembly contract which is so crucial for the company's future. They have gone on strike in order to force the company to commit itself immediately to at least an £8 per week opening offer—the claim is for £15—to take effect when the current wage agreement expires at the end of June.

### Competitors

The strike puts the company into a difficult position, as it was intended to do. Because the supply of components has been so unreliable in the past, Chrysler has come very close to losing the Iranian business. The company has a privileged position in one of the world's most attractive vehicle markets; several of the strongest overseas manufacturers have been trying hard to displace Chrysler and any further intentions to supply can only strengthen their hand.

Thus the pressure on the company to concede the demand and get production rolling again is strong. But quite apart from the long-term damage that could result from another concession under duress, can the company afford it? Anything conceded at Stoke is likely to spread quickly to the rest of the company's factories: in view of the company's commitment to bring wage rates at other factories up to Coventry levels by mid-1976, the cost of the like its present form will concession will be very high, depend on commercial realities. Yet the company lost £18m. these realities are at present last year and is continuing to being ignored.

The Court of Inquiry into the Nupro plant disaster issued its findings yesterday. Ray Dafter reports

# Flixborough—a failure of safety management

IT CAME as little surprise that the report into the Flixborough chemical works disaster, published yesterday, should touch on the larger question of safety in major processing complexes. Few companies building and operating large chemical plants could have expected to escape the wave of public concern which inevitably came in the wake of Flixborough.

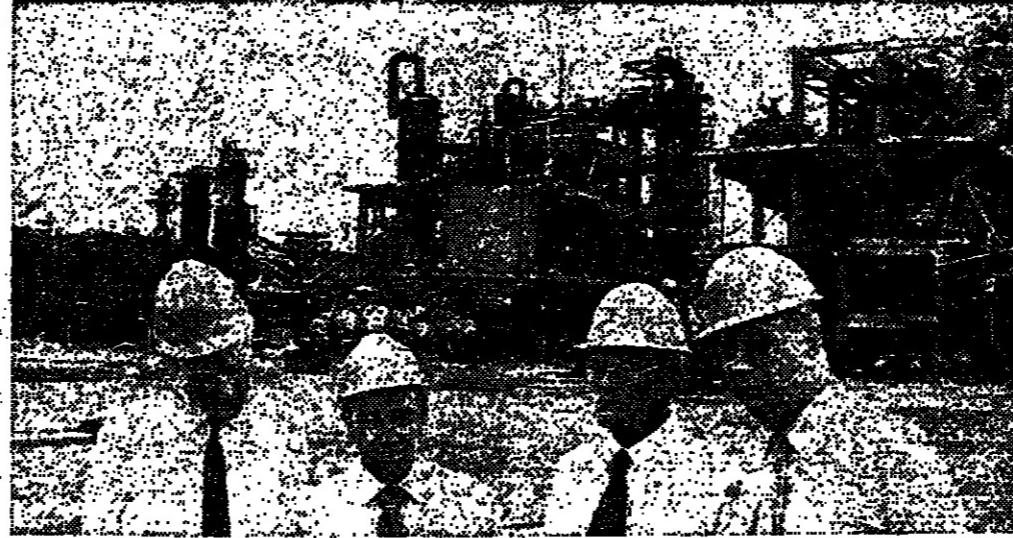
It takes a catastrophe to focus public and political attention on safety precautions. The chemical industry prides itself on its accident record, pointing out that employees face more danger crossing the road and travelling to work than operating the potentially hazardous processes. Yet the industry is also the first to admit it cannot guarantee absolute safety, particularly when at least 55 per cent of accidents in it can be ascribed directly to human errors.

### Death toll

Flixborough is unfortunate testimony to that admission, which is re-emphasised in the report itself. In the space of a few nightmare seconds, a blast ripped through the pipes and reactor vessels of Nupro U.K.'s caprolactam plant near Scunthorpe, transforming the site into a blackened, grotesque battlefield of twisted metal and debris. Widespread damage was caused to almost 2,000 houses and shops in villages several miles away; a local catastrophe of "warlike dimensions" in the words of the report. In those few seconds on a Saturday afternoon in June, 28 men died—the industry's normal three-year death toll—and many more were injured. Had the accident happened on an ordinary working day the death and injury toll would probably have been much greater.

The level of public concern soon became obvious. The hasty closure of a Bristol tax works because of a leak—later found to be harmless—illustrated the general level of uneasiness surrounding chemical works. This suspicion was kindled again when there was an explosion at Laporte Industries' plant at Ifford on April 5, when one man died. Numerous public protest meetings have followed and an inquiry has been ordered by Mr. Bill Simpson, chairman of the new Health and Safety Commission.

Mr. Simpson was one of the panel of four who sat through the Flixborough inquiry: one of the longest, costliest and most complicated hearings of its kind held in the U.K. It lasted 70 days, took some 2.5m. words of evidence from 171 witnesses and was assisted by no less than 17 counsel, which gives some indication of the importance attached to the inquiry by the design of many of their



Above: The four members of the Court of Inquiry pictured during a visit to the Flixborough site last July, a month after the disaster. From left: Dr. John Davidson of Cambridge University, Mr. William Simpson, chairman of the Health and Safety Commission, Court chairman Mr. Roger Parker, QC, and Dr. Joseph Pope of Aston University.

Below: 11 months on, a solitary house still stands in ruins in Stather Road, which was virtually destroyed by the blast.



Government, industry trade pipes carrying liquids and gas unions and local authorities all of whom were represented.

The 56-page report—an impressively readable summary of the evidence—gives some comfort to process industries in that it pinpoints the cause of the accident as being a failure in a temporary bypass pipe, linking two reactors on the cyclohexane oxidation plant. This pipe had been erected with "no proper design study, no proper consideration of the need for support, no safety testing and no reference to the relevant British Standard."

Indeed, Nupro has already commissioned studies for a new plant, although, significantly, this time based on a phenol process instead of one using cyclohexane, the material involved in the explosion. In addition, Nupro is rebuilding the fertiliser plant at Flixborough, which was least affected by the disaster. This should be in operation by the last quarter of this year.

But it is the new caprolactam capacity that is most urgently needed by British industry, and man-made fibre manufacturers in particular. Flixborough, with a nominal capacity of 75,000 tons of caprolactam a year was by-pass assembly, it says, must be the lone domestic supplier of this important raw material for board level and below. The

faults in the pipe's installation

Courtaulds and British had undermined the "integrity

of a well-designed and constructed plant."

Several references are made to the inadequacies of the management structure, and in particular its weakness on engineering matters. Technical decisions had been taken by people who, unwittingly, were not qualified to take them. At the time of the installation of the bypass pipe, the key post of works engineer was vacant. The report goes on: "None of the senior personnel of the company, who were chemical engineers, were capable of recognising the existence of what is in essence a simple engineering problem, let alone solving it."

The report also points to the advantages of making control rooms "blast proof," although it also concedes that in the case of Flixborough "its occupants might well have been alive after the explosion only to be roasted or asphyxiated in the fierce fires which raged thereafter."

Another suggestion put forward would involve a "second chance" design, as opposed to a fail-safe system in hazardous processes. This might be achieved by a baffle wall or nitrogen-filled dump tanks, where leaked material could be collected and dealt with before the ignition point is reached.

Furthermore, the committee feels that special attention should be paid to the way a plant is shut-down, both in terms of special design and maintenance systems. It concedes that this might well increase the cost of the plant, but says, it would also reduce the number of interruptions in production and lessen the number of management decisions which need to be made under competing priorities. If production is below target and profit is below budget, there are inevitably conflicting—albeit perhaps unappreciated—priorities where decisions have to be made."

These criticisms must have made uncomfortable reading for the Nupro Board, which was studying the findings in a London hotel yesterday. On the other hand, it was recognised that Nupro was safety-conscious, and that the plant was favourably sited away from built-up areas (unlike many chemical plants in Britain). Even so, the report goes on, "the fact that the explosion at Flixborough did take place shows that by accident, mishap and misadventure the stage may unconsciously be set for disaster."

This is where the four-man committee of inquiry, headed by Mr. Roger Parker, QC, makes observations on increased safety measures which could affect all companies involved in hazardous processes.

For instance, it regards the existing regulations relating to the storage and use of hazardous materials as unsatisfactory. The report points out that when the disaster occurred on June 1 last year, Nupro was storing 330,000 gallons of cyclohexane, 66,000 gallons of naphtha, 11,000 gallons of toluene, 26,400 gallons of benzene, 26,400 gallons of gasoline, and 450 gallons of gas.

Indeed, Nupro has already made significant improvements and increased experience should make for a continual increase in safety. But on the other hand, new processes and increases in the scale of operations can, to some extent, reduce the benefit of experience and impose problems differing not only in magnitude but also in kind.

This, the report says, is one of the lessons to be learned from the Flixborough disaster.

### Warning for the future

In essence, the report gives the impression that the chemical industry would be unwise to consider the Flixborough disaster as an isolated incident: it was a warning of what could happen again at a number of sites. Nevertheless,

what is clear is that chemical companies and other industries involved with hazardous materials, must expect new legislation and guide rules in the light of the experience of Flixborough. Laporte's Ilford explosion, and other recent accidents in the chemical industry. The report points to the possible conflict this might cause. The chemical industry, it says, is finding a number of factors taking place simultaneously. On the one hand technological improvements and increased experience should make for a continual increase in safety. But on the other hand, new processes and increases in the scale of operations can, to some extent, reduce the benefit of experience and impose problems differing not only in magnitude but also in kind.

This, the report says, is one of the lessons to be learned from the Flixborough disaster.

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"You forgot to tell them about the pound in their pocket!"

### GKN on the TV battle

It must be something in the air at GKN. Barrie Heath, who took over as chairman from Sir Raymond Brookes in January, shows all the inclinations of his predecessor to indulge in verbal swotting of the Left in industry affairs.

"I'm going to get the company as a whole more politically minded," said Heath, who is the Stock Exchange director of Rudolf Wolff, a ring-dealer on the London Metal Exchange and a man reputed to

### Stress

How do the oil people know when one of the men working on their offshore rigs has been out there too long? When he starts leaving bread for the helicopters.

Observer

J.P. in L.P.



# The Scottish timebomb ticks away

BY JOE ROGALY

If the rest of us are not careful, Scotland will blow up in our faces. This might sound unnecessarily dramatic, but soft words will not do, since it is almost impossible to convey a proper sense of the importance of what is happening up there to those who have not recently crossed the border—although my Southerner who does make the trip is likely to feel so moved that on his return he will find himself plucking sleeves and interrupting conversations in an effort to warn as many people as possible of the momentous events that seem to be on the way.

## Cornered

For it is in Scotland that the travelling of British politics might begin. I first began to feel this while sitting cornered by the red and gold silk banner of international greetings from the Central Council of Hungarian Trade Unions on the one side, and the gold and red silk banner of fraternal greetings from the Soviet Trade Unions on the other—all the while listening to the measured, self-confident words of Mr. James Milne, the General Secretary designate of the Scottish Trades Union Congress. A charming uncle, he is invariably referred to as "Jimmy-Milne-a-Communist-but-he's-a-nice-guy," which is undeniably true.

We sat in a committee room high on a hill, overlooking the Common Market issue, and while perhaps the grey sadness of Glasgow, left a dozen or so constituency parties will be working for a little wonder. A recently "No" vote, in most cases the published report from the anti-Market members of the Department of the Environment Labour Party operate through confirms in figures what anyone "Slam" — Scottish Labour can see by spending five minutes on the city's streets—that it con-

tributes Britain's most awful slums. This leaves most of the worst on standard measures of "urban deprivation," like the difficulties in the general election, he explained, all the trades unions had to do was mesh in with the Labour Party's efforts. This time there can be co-operation, but from the Leff's point of view the campaign is essentially a matter for the Scottish TUC. It is working through Scotland's 40 Trades Councils ("some of them quite powerful," as Mr. Milne puts it when becoming modestly), trade union activists, branch secretaries and shop stewards. It is turning out three leaflets with print orders of 500,000. There will be factory meetings throughout, and major set-piece rallies in the final week.

Here there is an endless supply of fuel for the fires of indignation. It is here that you can buy *The Red Paper on Scotland* (a score or so of tired Socialist essays on the failure of the market economy). It is here, in Govan Shipyards, or in the new Scottish Daily News or, perhaps, in weeks to come in the steel towns roundabout, that collectivism in all shapes and sizes in more than an abstract notion, but rather a feature of everyday life. It would be foolish to overestimate the extent to which it has spread, but it would be even more foolish to avert one's eyes from what is going on.

It was against this background that I listened to Mr. Milne, the Scottish TUC whose strenuous efforts stemmed the tide of Scottish Nationalism in the October, 1974, general election. More importantly, this time, the Scottish TUC now is the only major Left-wing organization whose entire energies are being devoted to the referendum. The Scottish Labour Party is hopelessly divided on the Common Market issue, and while perhaps the SNP case is at the far left, it has a dozen or so constituency parties will be working for a



Glasgow's grey sadness, with Britain's worst slums, old and new, and highest measure of urban deprivation.

workers to the struggle. In the vote by a majority of one-tenth of 1 per cent. the "movement," though the polls suggest that they have fallen back a little since then. The referendum is the Scottish Nationalists' big chance, and they are grabbing it with enthusiasm.

I am sure that she is right. In every party and organisation in Scotland there are people preparing to jump on the SNP bandwagon if the referendum goes the nationalist way—and it would not be surprising if men

like Mr. Jimmy Stllars, Labour MP for Ayrshire, South, and one or two of his colleagues voted

if opposed, driving forces on per cent preferring withdrawal.

In the latest poll, published last week, the proportion

favouring continued membership was 39 per cent, with 38

if opposed, driving forces on per cent preferring withdrawal.

What is even more interesting than these figures is the reason

that almost everyone put forward for the change—the

anti-Nationalists and those

who cannot stomach the Clyde-side-based revolutionary Left.

Its leader is the Scottish Minister that he favours a "Yes" vote. This is worth pondering.

Dickson Mabon, cheerful and chubby-faced, a long-standing television performances such as

pro-European and one of the leading lights of the "Manifesto" group of Labour moderates in Parliament. The campaign is managed by Mr. Donald Hardy, a former Tory candidate, in Scotland, in the view of and its many local committees of political professionals of all persuasions (and I talked with many of them) there is still a strong residual loyalty to the Labour Prime Minister, and this is hindering the "No" campaign of both the Scottish Nationalists and the trade unions.

I cannot say whether this feeling will persist. Some people in Scotland believe that a speech or two by Mr. William Ross, Secretary of State for Scotland (and both a Wilson man and an anti-Briton), will be enough to counteract the effect of Mr. Wilson's presumed grass-roots popularity. Others believe that a combination of the "fear factor"—fear of further unemployment if Britain withdraws from the Community—and the Prime Minister's leadership will swing the vote in Scotland in spite of the formidable forces on the side of the Noes.

## Polls

Just how the voting will go is still open question. System Three Scotland has published the results of four polls in the Glasgow Herald, using quota samples of around 1,000 Scottish voters and a question slightly different from what will appear on the ballot paper. On this basis, 29 per cent of respondents said in February that they would prefer Britain to stay in the Common Market, 45 per cent wanted withdrawal and 26 per cent did not know.

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if opposed, driving forces on per cent preferring withdrawal.

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To London eyes it may be that

Dickson Mabon, cheerful and chubby-faced, a long-standing television performances such as

## Courage

It does seem that a lot depends on whether or not Mr. Wilson campaigns with vigour if he ventures into Scotland itself he will surprise many people up there and display almost as much political courage as Dr. Mabon and his colleagues.

If he does, and all the other factors go the right way, Scotland

may surprise everyone with a "Yes" vote. The alternative is far more than a mere surprise—a Scottish "No" followed by a convulsion in North-of-the-border politics whose shock waves would take very little time indeed to reach West-

minster.

## Local authority building

## Letters to the Editor

**From The President, The National Federation of Building Trades Employers.**

Sir.—Builders will have read Colin Jones's article on local government spending (May 7) with approval and a wry smile. For years they have been only too conscious of the need in local government for more "financial discipline and an awareness of economic realities," the frequent absence of which has done much to bring chaos to the building scene.

Building benefits from public spending, but when this expenditure becomes out of control, the industry suffers as central and local government administrators plunge from one expediency to another. Construction is a flexible industry, but it is asking too much of it to respond to such rapid and violent changes in policy, such as those experienced in recent years, without damaging consequences. As the National Economic Development Office has recently demonstrated, the industry has usually just restored its capacity to meet expanded demand when it is used as an instrument for squeezing the economy. It is impossible to plan with confidence in these conditions.

Local authorities inject another element of uncertainty into the situation. They assume that these difficulties of demand and supply can be overcome simply by setting up their own "do-it-yourself" direct labour departments. Despite the pretence that work is only allocated to these departments where they prove themselves able to compete with building firms, no convincing evidence of this appears in local authority accounts or other documents.

There are obviously many "lame duck" direct labour departments which have to be supported by the rate-payers, tax-payers and tenants within because councillors have no idea of the state of their efficiency or because they are reluctant to take the necessary action. Failure to act may avoid redundancies (and political discomfort) in the short run, but it has brought inflation of building costs and stores up further economic troubles" for the future.

This is one area where the central government must act to ensure that resources are used in the most efficient way. Allocation of work between building firms and direct labour departments remains quite arbitrary, with political considerations often favouring the use of direct labour at the expense of a sensible economic decision. The country pays heavily for this system, or lack of a system.

F. Ernest Smith,

92, New Cavendish Street, W.1.

deplored. It is to relegate it to being "just another management technique." Whereas, at its most fully developed, it is a style of conducting people's working lives which has brought benefits, not only in the field of human relations, but also in the hard practical area of the profit and loss account.

Participation is not something which can be switched on to solve an immediate short-term problem. It is a long-term process of mutual confidence-building. Participation means the involvement of everyone within a company in the way that company operates. This must include middle managers, technicians, administrative staff, etc.—as well as the senior management and the shop floor workers.

Evidence suggests that the move to a participative form of operating takes years not months of patient discussions and experimentation in forms of communication, consultation and involvement in decision making.

J. A. Newby,  
Senior Consultant,  
PA International  
Management Consultants.  
2, Albert Gate,  
Knightsbridge, S.W.1.

**The dollar premium**

From Mr. D. E. P. Bullock.

Sir.—While I can only applaud Mr. Andrew Hamilton's desire (May 8) to see the rules for the acquisition of foreign residential property for private use reviewed, I find myself unable to agree with his conclusions or support his proposal.

The purchaser of such property is surely no more penalised by the premium than the one who invests in securities or, even certain categories of direct investment and by the same token the investor in securities who purchased at a low premium will similarly gain on repatriation. Mr. Hamilton concludes that the demand for investment currency other than the pound is high, notwithstanding the supply from sellers capitalising on their low premium purchase. Is it not the case, however, that the supply is small and the evidence is that more investors want to get their money out than those who want to get it back in—premium gain or not?

If the Government recognised the special status of private property by relief from the 25 per cent surrender requirement it was not in August 1974 but four years earlier on the amalgamation of the investment currency and property currency markets, vide ECSC (Second Issue) Supplement No. 1 effective August 19, 1970. The surrender rule had not applied to property currency and this may have led to the continuing exemption.

In his last paragraph Mr. Hamilton commends resegregating private residential property from the investment currency market but if by this he means restoration of the property currency market then I, for one could not give my support. I still have the memory of the nightmare of the "property dollar" at 70 per cent and the "investment dollar" at under 10% of that figure and trying to explain it to a bewildered buyer. Consistently the property dollar was higher than the investment because the data on barter sites was

turnover in that market was not published. Also the idea that

it would be even rate, and therefore can be con-

sequently driving the sidered an infinite resource, is

depriving yet more buyers, and hence: moreover, it appears that

what about the "unscrambling" over 25 per cent of the investment premium on a sale made to make the new market?

Nor am I convinced that if the EEC stays in the EEC that adherence to the timetable in respect of capital movement is desirable. It all depends on Government proposals as to whether the SNP wants a Scottish in a grand gesture at Westminster "No" and a British "Yes"—and step before turning north to the same cause, says: "Forget the language, but they're bastards, they really are."

The SNP's campaign leader is the delicious Mrs. Margo Macdonald, and she has no problems about the gist of which was that if only Scotland returns a "No" were not very far behind the

rest of the rules governing industrial investment overseas, which is presumably the purpose of the exercise.

The present arrangement so far as portfolio investment is concerned would appear to be a bureaucratic nonsense.

Mr. Jay is asking for the worst of all possible worlds.

Peter Blaker,  
House of Commons, S.W.1.

**Investment currency**

From the Chairman, Investment and General Management Services.

Sir,—Is there not a totally absurd fallacy in the operation of the investment currency market? I refer to portfolio investment, that is shares in overseas companies that have already been subscribed and merely change hands from one U.K. holder to another. In such a transaction there is no movement of currency out of the U.K., no investment in a foreign country. What exactly is the purpose of requiring a seller of such shares to hand over to the Treasury 25 per cent of the investment premium?

Direct investment for example in new issues by foreign companies, might be considered to be in a different category and in this case the requirement to hand

over 25 per cent of the investment premium?

Incidentally, Mr. Jay's letter implicitly accepts that in any free trade area arrangement we

would have to accept, as EFTA

negotiations would be opened up, meaning months, if not years, of uncertainty for British industry.

Neville March Hunnington,  
43, Fleet Street, E.C.4.

It is clear that this area might contain about 40bn. tonnes. It is doubtful if more than about 5bn. tonnes would be recovered into a processing plant as allowance must be made for such factors as unminable areas, mining efficiency and the percentage of the area that can be covered without the unit traversing previously mined areas—remembering that the depth of water is about three miles. From this amount of nodules it might be possible to recover about 50m. tonnes of nickel and copper remains low, only a small proportion of the world's requirements of nickel and copper would come from such nodules, but only one of the

consortia now investigating the problems appears to consider this economic. For many decades nodules will have to

be the same for the whole country.

It might also be possible to recover about 1bn. tonnes of manganese, but only one of the

consortia now investigating the problems appears to consider this economic.

That purpose has passed, and we now know a lot more about nodules. In much of the Pacific

there are none or very few; in

other areas sea-floor topography

will make mining difficult (if not impossible); in some areas the

concentration of nodules or their

grade will be too low to be

economic and no mining method

is likely to recover all the

nodules. The 101 sites considered by Mero were undoubtedly biased towards areas containing nodules

of manganese (which is the case for about 150 years).

Consumption of these metals, however, will increase causing the disappointing out-

consumption of all of them has been

more than doubled in the past 20 years.

Perhaps towards the end of this century, audiles 49, Moorgate, E.C.2.

Between, Mero and the UNCTAD have already published sufficient exaggerated forecasts

of potential production from nodules and how it could dis-

play land-based production.

This has caused present pro-

ducers—particularly those in the

developing world—to fear the

effect of nodule mining on their

economies. This has been by no

means an instantaneous factor

influence on the UN Law of the Sea Conference.

A. G. Moncrieff.

Help you throughout the world

## To-day's Events

Freshwater Fisheries Bill, second reading: Referendum Order

European Central Bankers end two-day monthly meeting. Basic CBI industrial trends survey for April.

Reserved judgment in High Court case to decide whether H. P. Bulmer and Showers

may continue to use description "champane."

Parliamentary Business House of Commons: Child Benefit Bill, second reading; Referendum Order.

</div

# COMPANY NEWS + COMMENT

## London Asiatic up by £2.38m. to £6.11m.

FROM INCREASED turnover for 1974 of £15.5m., compared with £10m. taxable profit of London Asiatic Rubber and Produce Company moved ahead sharply to record a £2.38m. advance at £6.11m.

Earnings per 10p share are shown to have risen from 5.19p to 8.47p and the dividend is lifted from 1.925p to a maximum permitted. 2.10025p net with a final payment of 1.7235p.

1974 1973  
Turnover ..... 11,511,843 8,984,291  
Profit after tax & dividends ..... 1,723,500 1,925,000  
Profit after tax ..... 1,723,500 1,925,000  
Other income ..... 3,941,774 1,829,452  
Pre-tax profit ..... 11,844,614 10,814,725  
Taxation ..... 1,161,274 1,087,597  
Net profit ..... 10,683,340 9,727,128  
Dividends ..... 4,982 5,190  
Transnational overall ..... 1,012,645 1,112,611  
Per share ..... 10.12 8.47  
Forward ..... 12.42 12.46

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Beattie (James)	18	6	Land & General	21	4
Bishopgate Trust	20	3	Lane (Percy)	21	2
Binton Estate	20	2	London Asiatic	18	1
Burrell	18	8	Menztore Mfg.	21	3
Commercial Union	20	1	Moss Engineering	18	5
Common Brothers	18	4	Osborn (S.)	18	5
Ecclesiastical Ins.	20	5	Plastic Constructions	18	7
Empire Stores	21	5	Portals	20	4
Foster Brothers	20	5	Randalls Group	18	3
Furness Withy	21	4	Reynolle Parsons	21	1
Gerrard & National	21	5	Shaw (Francis)	21	6
G.K.N.	21	1	Snellabear Price	21	5
Hestair	20	3	Simon Engineering	18	1
Hunting	18	7	Star Paper	20	5
Huntington Group	18	6	Thornber	20	1
Hunting Associates	18	6			

### • comment

London Asiatic entered 1974 with two-thirds of its revenue under掌管 over 50 per cent which was still working towards maturity and therefore accelerating crop returns. This, then, is the background to group 1974 profits higher by 64 per cent pre-tax, with palm returns up 142 per cent—offsetting a modest decline in rubber. The year's earnings project another fairly stable performance but oil prices are now well below last year's average and overall LA's earnings are going to fall. Still, at 35p, a yield of 5.8 per cent, is likely to stay solidly covered. Sterling's weakness was pushing the sector to new share price highs yesterday, and the price hike yesterday and the average plantations yield is now about 61 per cent.

## Overseas expansion for Simon

FURTHER GROWTH is planned by Simon Engineering in the current year which has started with a record order book, reports chairman Mr. L. Broek.

Orders have continued at a good rate in most of the companies but in several of the specialised machinery offshoots there are signs of a slowdown of inquiries. Apart from Holland and France, where demand is slack, the other overseas subsidiaries are very busy. Overseas market are the mainstay of the group's business, stresses the chairman.

As reported group profit before tax, increased from £4.35m. to £5.15m. in 1974. On a CPP basis last year's figure would have been £5.04m. A geographical analysis of 1974 results (£11.7m. total)—shows that 57.183 (56.7 per cent) accrued overseas and 42.3 (53.7) per cent in the U.K. Of the profit

## Randalls ahead to £675,685

PROFITS OF Randalls Group, distributors of building, electrical and engineering materials increased from £672,962 to £675,683 in 1974, following a first half improvement from £238,660 to £261,027. The year's earnings per share are stated to have risen from 13.53p to 14.34p.

The net dividend total is up from 3.3685p to 3.8735p, with a final of 2.3985p.

1974 1973  
Sales: U.K. merchant and retail ..... 12,989,651 12,989,651  
Overseas manufacturing ..... 1,911,741 1,911,741  
Overseas ..... 1,459,721 1,091,700  
Total ..... 18,350,114 14,970,092

Trading profit: U.K. merchant and retail ..... 522,475 522,821  
Manufacturing ..... 115,644 125,191  
Total ..... 638,119 647,921

Profit before tax ..... 675,683 632,962

Interest tax ..... 12,000 12,000

Net profit ..... 675,683 620,962

Extraordinary debts ..... 17,028 17,028

Available ..... 658,655 603,934

To reserve ..... 50,297 50,297

Dividends and depreciation ..... 202,624 211,343

Creditors ..... 217,824 217,824

Chairman Mr. C. R. Randall says the results may be considered satisfactory in the context of a bleak economic climate and have been achieved despite the recession in the building industry.

Although no undue strain is foreseen on financial resources the directors have considered it prudent to retain capital commitments to a minimum during the current period of instability. This policy, in turn, holds

resources available for profitable expansion when circumstances are favourable, says the chairman.

"We should continue to benefit from the diverse nature of our business and the employment of our resources in markets which have the best prospects," he declares.

Common Brothers forecast

for 1975 a rise in turnover.

Meeting Boreham (Wood Herts.), June 21, at 11.30 a.m.

Chairman's statement, Page 23

Dividends shown pence per share net except where otherwise stated.

Equivalent after allowing for scrip issue. On capital increased by rights and/or acquisition issues. (a) Percentage gross.

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# "We have come through with flying colours. We shall do so again"

Mr Barrie Heath DFC, Group Chairman



## GKN AT RECORD LEVELS

	1974	1973
Turnover	£1,138m	£819m
Surplus on trading	£102.4m	£69.6m
Surplus to turnover	9%	8.5%
Profit before tax	£90.4m	£70.6m
Earnings per £1 ordinary share	36.4p*	27.2p
Earnings on net assets employed	18.6%	16.3%

## Trading Results

In the United Kingdom high demand for most Group products and services persisted until towards the end of the year. Sales were higher in all the major product areas, assisted by a significant increase in exports of both steel and automotive products.

Overseas operations showed a sales increase from £240 million to £334 million.

## Ten Year Development

In 1974 Sir Raymond Brookes was Group Chairman. He held this appointment for almost ten years, a decade in which the size and business of the Group developed immensely.

Over those ten years capital invested rose from £199 million to £350 million; sales turnover from £353 million to £1,138 million and profit before tax from £30 million to £90 million.

This is a truly remarkable record which bears testimony to the exceptional quality of Sir Raymond's leadership and his total dedication of purpose to the interests of GKN and its employees.

\*On the share capital before the rights issue.

## GKN OUR BUSINESS

Sales (including intra-group)	£m	%
Primary metal products	185	15
Automotive components	456	36
Distribution and services	269	21
General and civil engineering products and services	353	28
Total	1266	100

## Exports

Exports from the United Kingdom reached the record figure of £107 million; those to the EEC increased substantially, from £18 million to £30 million. In addition there were many millions of pounds of indirect exports. For export achievement two Group divisions won the Queen's Award to Industry.

## European Economic Community

The advantages that accrue to GKN through membership of the EEC are very wide indeed—advantages that will flow to all our employees, our shareholders and our customers. It represents not only the largest, but the fastest-growing, market for GKN exports.

Any withdrawal from the EEC by this country would not only be detrimental to GKN, but would have a highly destructive effect on the whole of the British engineering industry.

## Capital Investment

During 1974, the Group spent £51 million on capital projects, against £28 million in 1973. In 1975 we intend to spend more than £53 million on our United Kingdom developments and a further £14 million overseas, of which £8 million will be spent on European projects.

## GKN WORLD WIDE

The number of persons employed in the GKN Group at 28th December, 1974 was as follows:	
United Kingdom	84,832
Europe	15,392
Asia	14,290
Australasia	909
Africa	3,837
America	1,080
World total	120,340

## Prospects and Dividends for 1975

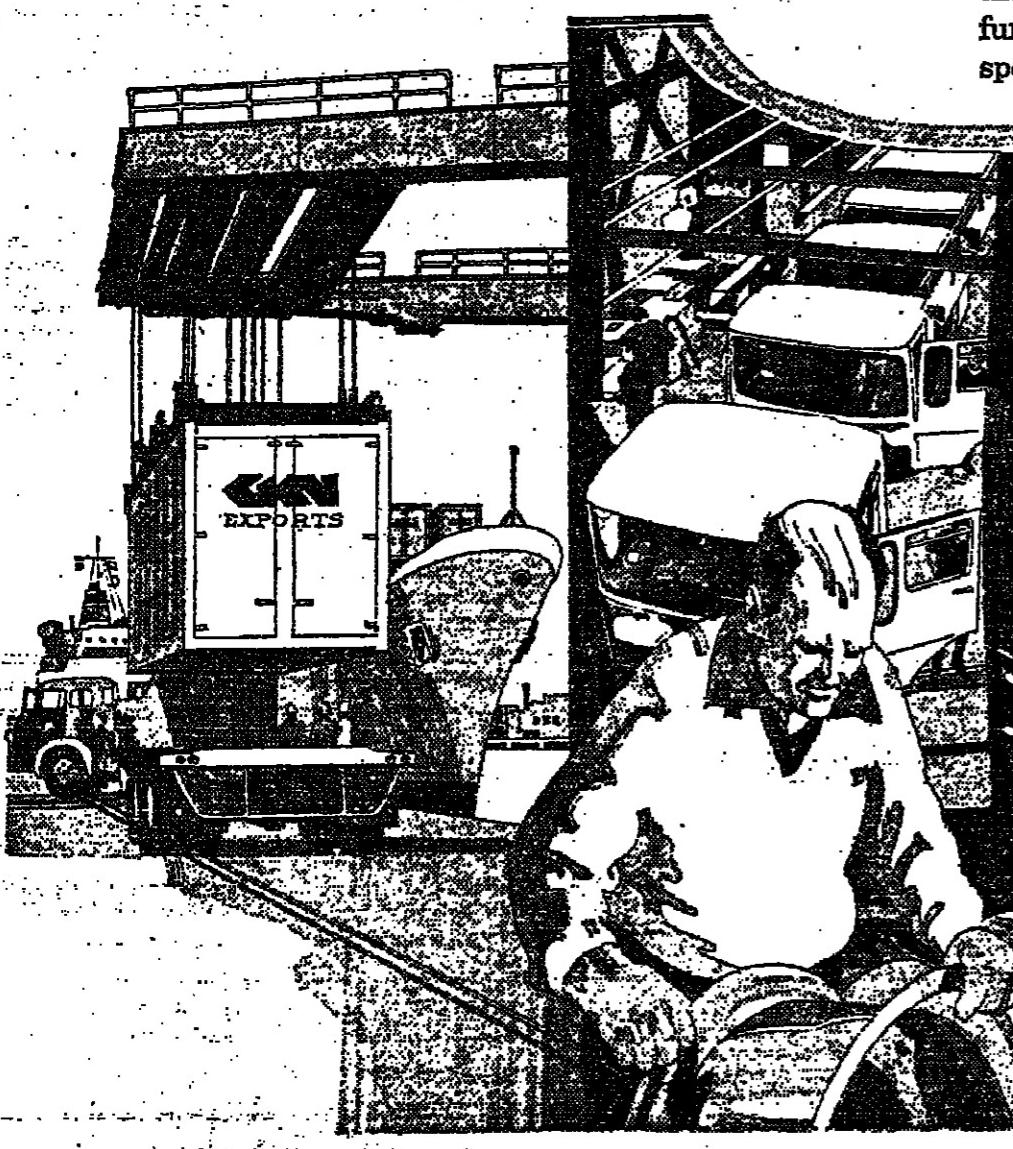
Increasing inflation, price controls, a weak balance of payments, unofficial militant industrial action, energy crises and the threat of war in distant lands... this is the background against which chairmen these days must take a view of the future. Against this formidable picture, however, GKN is in good shape.

Having regard to the trading performance in the early months of 1975, the indication is that the results for the year as a whole should be satisfactory, although it is not expected that 1975 will equal the exceptionally good performance of 1974.

The Group has a progressive historical dividend record and a stated aim, legislation permitting, to maintain dividend increases at least in line with inflation. Given satisfactory results, the 1975 dividend payment will be consistent with the past record and with this aim.

The coming year will be far from easy but GKN has seen difficult times in the past and yet, with the outstanding support and help of all our employees, we have come through with flying colours. We shall do so again!

Summary of the 1974 Annual Report



## GUEST KEEN AND NETTLEFOLDS LTD

For copies of the Annual Report please write to:  
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Group Headquarters:  
P.O. Box 55, Smethwick, Warley, West Midlands B66 2RZ  
GKN House, 22 Kingsway, London WC2B 6LG

## COMPANY NEWS

# Commercial Union ahead Portals turns in peak £4.25m.

ESTIMATED 1975 first quarter soon as a more balanced combination of the rent freeze relaxation and impending relaxations will offset the flat market industrial property. But the emphasis in the development programme is now swinging away from the U.K. and about half the £10m. invested in 1974 went overseas. Despite an unchanged share price of 165p, at 165p, the board will like Brixton's estimated discount on net asset value of around a fifth. The yield is 2.5 per cent.

The directors again emphasise that first quarter results cannot be taken as a guide for the year as a whole. For all 1974 profit was £50.1m. and earnings 12.6p per share.

Underwriting losses in the first quarter were up from £4.5m. to £8.5m. but this was well exceeded by a substantial increase in invested income from £16.1m. to £22.6m., which was partly due to increased capital.

The directors report that results in the U.K. show a satisfactory level of profit. In the U.S. they are worse than a year ago. The results to make a one-for-eight ratio of 10.5p per cent. (10.2 per cent. July 1).

Mr. Alan chairman Mr. Michael Veray says it is expected, barring unforeseen circumstances and subject to Government policy to maintain the present dividend rate for 1975 on the increased capital.

In Canada results show "some improvement." There is little change in the underwriting experience in Australia, which remains unprofitable and the underwriting results in Western Europe are mixed.

The share of associated company's earnings (loss 9.8m.) included is an appropriate proportion of the published loss, for six months ended March 31, 1975, of Merchant Credit.

As usual, results of the overseas operations have been converted at rates of exchange ruling at the close of the periods reported.

1974 1973  
Net profit & margin... £6.5 16.1 1.5  
Dividend & margin... 2.5 16.1 50.7  
Invest. income... 1.1 6.5 2.1  
Share of profit... 1.1 6.5 2.1  
Training prof... 2.5 1.5 2.5  
Loss ad. & minorities... 2.5 2.5 19.1  
Profit... 11.6 16.0 50.1  
Total prof... 11.6 16.0 50.1  
\*Profit.

Net assets attributable to shareholders at March 31, 1975 are shown at £16.5m. against £22.6m. at end-December, 1974 and £24.4m. at March 31, 1974.

Statement, Page 21

See Lex

## Thornber back in profit

For 1974 a pre-tax profit of £130,003 is reported by Thornber Holdings, a subsidiary of Pentos, compared with a loss of £79,144 for the previous 18 months.

The dividend is 0.65p per 10p share. There was no payment in each of the last three financial periods.

Tax takes £18,750 (nil) and there is an extraordinary debit of £11,980 (credit £11,333).

The Board says it is still its intention to find suitable opportunities for new investments, as to the future, expects that a

## Brixton Estate scrip

IN ADDITION to lifting the net dividend total from 165p to 178.5p per 25p share for 1974—the final is 0.606p—the directors of Brixton Estates are proposing to mark the company's Golden Jubilee by capitalising £500,000 of the 10.5p per cent. rate of scrip issue to holders registered by July 1.

Mr. Veray says it is expected, barring unforeseen circumstances and subject to Government policy to maintain the present dividend rate for 1975 on the increased capital.

There is little change in the underwriting experience in Australia, which remains unprofitable and the underwriting results in Western Europe are mixed.

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Statement, Page 21

See Lex

## Hestair plans big advance

DESPITE economic conditions, Hestair, the specialist vehicle, agricultural engineering, toy and educational supplies and leisure group, is budgeting for a further substantial year-end increase over the record year.

Mr. D. Hargreaves, chairman, says it is expected, barring unforeseen circumstances and subject to Government policy to maintain the present dividend rate for 1975 on the increased capital.

Mr. Veray reports that, despite the freeze on business rents and high interest rates, gross profit excluding dealing profit increased by 10.5 per cent. Had there been no rent freeze, this figure would have risen by a further 22.5 per cent.

He adds that the "flood of anti-property legislation" in 1974 has made the further expansion of the U.K. development programme less attractive for the time being.

Mr. Veray says it is expected, barring unforeseen circumstances and subject to Government policy to maintain the present dividend rate for 1975 on the increased capital.

The company is ahead after the first three months but, as usual, the second half is much the more important. There will be benefits from reduced interest rates.

The chairman reports that the overall borrowing position continues to improve, and at the end of the year, which is equivalent to a "shade lower," than at the year-end, despite the fact that the company is moving towards its seasonal peak. If this progress is maintained the year-end position will be much improved," he adds.

Mr. Hargreaves says the upsurge in Middle East wealth has been of particular benefit to the group's three specialist vehicle companies, which order books and profitabilities have considerably improved." This is a trend which should be continued, he adds.

Sundry income includes £233,000 profit on a joint property development in Ashford, Kent, on a freehold originally owned by Stanhay (Ashford). The directors intend to exercise options which will bring in further profits of £223,000 in each of the next two years.

Meeting, Savoy Hotel, W.C. on June 3, at noon.

Chairman's statement, Page 21

## Bishopsgate Trust

Stated earnings per 25p share of Bishopsgate Trust slipped from 4.11p to 4.11p for the year to March 31, 1974. The net dividend total is 1.41p up to the final recommendation of 2.5p.

Pre-tax revenue for the year amounted to £572,507 against £602,556 and after tax £209,207 (£215,778), the net balance fell from £186,778 to £62,000.

Net asset value per share is shown at 142p compared with 162p.

Second-hand net rents at Brixton improved by just over a fifth, but cross investment profits before tax were practically unchanged (£215,778) the net balance as interest rates remained high.

Brixton reckons this is a satisfactory performance and, looking ahead, the future, expects that a

1974 1973  
Net prof... £2.5 16.1 1.5  
Gross profit from invest... 1.408 16.0 1.5  
Gross profit from dealing... 1.215 16.0 1.5  
Prof. dividends... 1.215 16.0 1.5  
Net prof... 2.97 16.0 1.5  
Prof. dividends... 1.215 16.0 1.5  
Ord. dividends... 0.52 16.0 1.5  
Unappropriated... 3.82 4.61 16.0

comment

Portals are 9 per cent. ahead pre-tax, which is exactly in line with growth shown at the interim stage. The group is happy enough about its papermaking side, where accelerating profits growth is an indication of the demand for bank note and security papers and where a 23 per cent. capacity expansion at a cost of £5.2m. is currently under construction.

The capital programme, with the exception of installation of paper plant, is being cut back until the economic climate improves.

It is difficult to forecast the year's outcome but they anticipate that 1975 profits will at least be greater than in the previous year.

● comment

Foster Brothers is 61 per cent. down pre-tax. But that masks a second half growth of one tenth on a sales gain of 36 per cent. and since February Foster reckons to have continued to trade buoyantly.

In shirts and knitwear, especially, group volume is "well up" right into May which explains the reasonable stability in retail conditions as a whole, then the Group looks forward to a progressive year's trading and a further worthwhile improvement in the resultant profit," they add.

Sale including VAT... 31,530,927 27,545,222  
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Surplus on prop. sales... 169,316  
Profit before tax... 3,272,546 2,277,520  
Taxation... 1,851,701 1,822,075  
Profit balance... 1,420,841 1,822,075

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

# Philips profits down 75% in first quarter

BY MICHAEL VAN OS

**PHILIPS.** THE big Dutch recession. There had also been electrical group, saw its first a steep fall in supplies to the quarter net profits slump to building sector although Philips Fls.80m., which is some 75 per cent had remained in the black here. down on the Fls.241m. The first quarter currency loss profit recorded in the same 1974 was estimated at around 7 per period. While sales had in fact cent and the total loss charged declined in the quarter by 1 per to the profit and loss account was expected to be a little over half cent, to nearly Fls.5.79bn., costs had gone up nearly 6 per cent to Fls.5.47bn.

Taking profit was about 10% halved to Fls.313m. from Fls.645m. in the first quarter last year and the fact that pre-tax profit fell sharply to Fls.133m. (Fls.507m.) was attributable to a large extent to the rising interest charges. These went steeply to Fls.166m. (Fls.87m.) due to rising stocks which had increased to 38 per cent as a percentage of sales in the last 12 months (31 per cent).

Philips said at a Press conference here-to-day that sales in the quarter would have declined by as much as 5 per cent, instead of just 1 per cent, had the sales of the U.S. acquisition Magnavox been excluded from the figures. It estimates that the volume of Philips' sales had in fact declined by about 8 per cent in the first quarter excluding Magnavox.

The company said that the first quarter had been characterised by a widespread "wait-and-see" attitude from consumers following the economic

AMSTERDAM, May 12.

carrying out a study on how best to adapt to the new situation created by the rise in VAT on its products, in many cases by 16 per cent, as a result of which demand was expected to fall back sharply. Philips would not elaborate pending the outcome of the study but added that to cope with the expected sharp financial setback, "drastic measures" were not ruled out for the U.K. where Philips employed some 40,000 people.

Philips said it was continuing its policy of non-replacement of staff leaving for natural reasons although this policy has so far been implemented more strictly in Britain than anywhere else.

On the subject of financing, the company said it had improved its structure by replacing short credits by long-term credits and after having raised a number of new loans recently, it was now discussing new loans with Swiss bankers.

According to the financial statement, Philips' first quarter after-tax profit fell to Fls.67m. from Fls.263m. in the corresponding 1974 quarter. The trading profit as a percentage of sales had gone down to 5.4 per cent (11.1 per cent) and the after-tax profit as a percentage of sales fell to a mere 1.2 per cent (4.8 per cent) and 8.2 per cent (in the final 1974 quarter).

## Solvay goes into recession

BY DAVID CURRY

BRUSSELS, May 12.

**STRONG DEMAND** over the first even worse, but despite this and two quarters of the year was the fact that the company sees sufficient to hoist the 1974 net no particular hope of early supplies and that they must soon profit of the Solvay group to recovery to double its getting near the end of its investments in 1975 to around B.Fr.2.97bn. (E35m.), in 1974. The company is Belgium's biggest and one of Europe's leading chemical manufacturers. Last year investment was to be slightly above the 1974 profits were depressed by 1973 level of B.Fr.8.4bn. The switch to LIFO methods of major single investment was the profit was B.Fr.2.54bn., on the basis of a recalculation to make America concern Celanese, doubling Solvay's capacity to some 400,000 tons a year. It intends to convert the sum of all consolidated turnover amounted to B.Fr.78.39bn. (about £956m.) against B.Fr.63.79bn. Cash-flow from the industrial operations of the group (it has portfolio holdings as well) is well ahead at B.Fr.11.53bn. against just short of B.Fr.9bn.

The company reports that the third quarter last year saw the start of the decline in the market with price levels outside Europe. Its main hope for improvement in the market situation lies in the belief that custo-

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## Japanese trading company contrasts

By Peter Duminy

**TOKYO,** May 12. THE SIX major Japanese trading companies report first half sales 12 per cent higher, but added that the fall back sharply. Philips would not elaborate pending the outcome of the study but added that to cope with the expected sharp financial setback, "drastic measures" were not ruled out for the U.K. where Philips employed some 40,000 people.

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At the trading level Mitsubishi remained the most profitable, returning \$26.7m. from first-half sales of \$26.35m. While this indicates a minute margin of 0.42 per cent, it was nevertheless better than Mitsubishi's \$24.8m. from sales of \$26.88m. (a margin of 0.38 per cent).

The satisfactory aspect of Mitsubishi's performance is that it succeeded in pushing up trading profits and earnings before tax to the impressive 11.6 per cent, while earnings rose by 2 per cent to \$10.6m.

The only other trading house to rival this all-round improvement was Sumitomo, which reports sales up 20 per cent to \$23.7m., trading profits 3 per cent higher at \$13.5m. and earnings 5 per cent down at \$5.3m.

C. Itoh once again provided the shocks, this time reporting trading profits slashed from \$17.8m. to \$7.5m. and first half earnings down to \$1.1m. from \$2.4m. Previously, earnings were down 27 per cent in 1973-74. Heavy involvement in textiles is believed to have remained the key problem.

Marubeni also had an above-average setback in the latest period. Sales were 12 per cent higher at \$22.8m. but trading profits dropped 46 per cent to \$11.7m. and earnings were 19 per cent lower at \$1.1m.

Nissho-Iwai reported first half trading profits down 25 per cent to \$10.4m. from sales 6 per cent higher at \$22.9m. Earnings were 4 per cent lower at \$4.3m.

## Siemens margins decline

By Nicholas Colchester

**BONN,** May 12. SIEMENS, the Munich-based electrical equipment company, to-day reported earnings of DM231m. for the first half of the business year which ends in September, 1975. This profit was an increase on the equivalent figure for the previous year of DM229m., but it implied that return on sales had dropped from 2.8 per cent to 2.7 per cent.

Apart from the slip in margins, Siemens' overall situation remains satisfactory. Turnover for the first half was up by 9 per cent to DM3.6bn. of which the German component grew by 3 per cent to DM4.6bn. and the foreign share by 16 per cent to DM4bn.

The company's order intake exceeded turnover at DM10.7bn. and was 3 per cent greater than that for the first six months of last year. Foreign orders grew by a thin 2 per cent to DM4.6bn. after growing at a 20 per cent rate in the equivalent business period in 1973-74. The growth rate in domestic orders was unchanged at 5 per cent.

The order book now stands at DM17.4bn., up by 11 per cent from its 1974 level. Siemens expects the total inflow of orders for the business year to be DM20.7bn.—roughly the same as last year's. The year's turnover should grow, but by rather less than last year when sales increased 11 per cent to DM17.2bn.

The rather cool business climate has encouraged Siemens to reduce its workforce somewhat. Siemens' world employment dropped over the first six months by 2 per cent to 304,000, while the German figure went from 221,000 to 214,000. Investment has continued with a 15 per cent increase in the first half, though the management is reckoning with more modest growth for the year as a whole.

Like its rival, BASF, it appears that the forecast Board has come to the conclusion that such a restriction of voting rights would leave companies powerless to prevent groups of individuals from operating in concert—thus circumventing the limitations. Unlike BASF, Hoechst appears to have decided that the measures are just not worth the effort and perhaps, theodium involved.

Dr. Rolf Sammet, Chief Executive of Hoechst, said that the management had considered restricting voting rights, but had come out against it. "We tried to weigh the advantages and disadvantages," he said, "but we could not see any real advantages."

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Our investment policy, too,

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"Our expectation is that re-

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In spite of everything that has

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# FARMING AND RAW MATERIALS

## Rise in wool buying predicted

By Michael Southern

SYDNEY, May 12.

JAPAN IS expected to purchase over 1m. bales of wool by the end of June, and make purchases to 1.5m. next season, the chairman of the Australian Wool Corporation, Mr Alf Mäden, said here.

This means purchasing at a rate of more than 100,000 bales a month in May and June. Mr Mäden also indicated that there would be more purchases by the other major buyers, and that it could be seen, on balance, that the world situation is not as gloomy as it appeared a few months ago.

Inflation rates were not as high they had been, commodity prices had stabilised, indicating that the bottom of the trough had been reached.

He also appealed for a rapid decision by the Federal Government on the floor price to be paid by the AWC at auctions next season. The matter is to be discussed by the Cabinet next Monday, according to Government sources. It is generally accepted that the Government will continue at the present level of 250 cents a kilo, and hopes that the AWC will not have to make such substantial purchases as it has this season.

The AWC has already lined up massive loans, including some \$A70m. from banks, for its buying programme next season.

## Alcoa chief seeks bauxite co-operation

By Rhys David

A PLEA for co-operation between bauxite producing nations and international aluminium producers has been made at the annual meeting of the International Primary Aluminium Institute in Los Angeles by the chairman, Mr. John D. Harper, also chairman of Alcoa.

Mr. Harper was speaking against the background of steep increases in taxes levied by the Jamaicans and other bauxite producers during the past year. He warned, however, that the companies were also facing enormous capital demands to finance modernisation, environmental controls and the spiralling cost of new plants and equipment.

"This has really hammered our growers. But last week in Brussels Mr. Peart held up his hand in the Council of Ministers to allow governments to continue the subsidy for a further interest over 85 per cent.

## Mystery remains on tin buffer stock suspensions

BY JOHN EDWARDS, COMMODITIES EDITOR

**O** EXPLANATION for the surprise suspension of the buffer stock operation of the buffer stock tonnes was a smaller than stock manager, Mr. T. Adnan, would be resumed without any expected increase in prices given at the special press conference called by the International Tin Council in London.

The Council's executive chairman, Mr. H. W. Allen, said on Friday that the last inflow of funds called up from producing countries having been received last week.

Mr. Allen said that there was no abnormal financial situation to unravel. There were no police inquiries — it was basically a matter affecting the employment of these two people.

On the London Metal Exchange yesterday, tin prices showed little movement as dealers awaited further clarification of the situation. The Malaysian Straits tin price in Penang was unchanged over the weekend.

A rise of 55 tonnes in LME warehouse stocks of tin, raising the total to 5,710 tonnes, was slightly less than expected, but was offset by some free offers. Otherwise, quotation of "near chaos" could have developed on the tin market.

In copper, a rise of 3,550 tonnes in stocks increasing the

total holdings to a record 218,400 tonnes, prompted early rises in cocoa and coffee prices yesterday and today provided a steady influence on the sugar market.

The rise in cocoa, which was aided by stop-loss buying and some chartist operations, took the July position up to £493 a tonne during the morning, but once selling set in early in the afternoon prices fell rapidly. July cocoa ended at the day's low of £462.75 a tonne, £2.25 below Friday's closing level.

General sentiment in the copper market is that prices are probably near the likely lowest point, with huge stocks in the warehouses now tending to be ignored, and the continued absence of trade demand accepted as a fact of life.

At the lower level, long-term investment buying by speculators is being triggered off, encouraged by fears about currency rates, especially sterling.

Weakness of the pound is also boosting other metal markets, notably silver. However, a smaller than expected fall in lead stocks — down by 1,000 to 56,525 tonnes — helped to depress prices, while zinc was buy larger than anticipated rise in stocks, up by 1,625 to 16,025 tonnes.

LME silver holding rose by 40,000, to 12,240,000 ounces. Men and Matters — Page 6

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The rise in cocoa, which was aided by stop-loss buying and some chartist operations, took the July position up to £493 a tonne during the morning, but once selling set in early in the afternoon prices fell rapidly. July cocoa ended at the day's low of £462.75 a tonne, £2.25 below Friday's closing level.

General sentiment in the copper market is that prices are probably near the likely lowest point, with huge stocks in the warehouses now tending to be ignored, and the continued absence of trade demand accepted as a fact of life.

At the lower level, long-term investment buying by speculators is being triggered off, encouraged by fears about currency rates, especially sterling.

Weakness of the pound is also boosting other metal markets, notably silver. However, a smaller than expected fall in lead stocks — down by 1,000 to 56,525 tonnes — helped to depress prices, while zinc was buy larger than anticipated rise in stocks, up by 1,625 to 16,025 tonnes.

LME silver holding rose by 40,000, to 12,240,000 ounces. Men and Matters — Page 6

It was important to ensure that the buffer stock was fully operational to prevent the integrity of the Agreement, he said.

Otherwise, quotation of "near chaos" could have developed on the tin market.

On the London Metal Exchange yesterday, tin prices showed little movement as dealers awaited further clarification of the situation. The Malaysian Straits tin price in Penang was unchanged over the weekend.

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# FINANCIAL TIMES SURVEY

Tuesday May 13 1975

# Engineering Insurance

With a history going back to the need to insure steam boilers in the middle of the last century, the industry's distinguishing feature is its technical service, which accounts for a large part of the premiums. Soaring costs could lead to inflation-linked contracts becoming more common.

## Making the factory safer

**THE ORIGINS** of this branch of the insurance industry go back to the first half of the last century and reflect industrial development of that era. The advent of the steam engine gave the industrial revolution the impetus to take off, but there were some tragic side effects. The growing demand for higher working pressures for steam engines and boilers outstripped the then ability of engineers to meet the demand safely. The first half of the nineteenth century saw an increasing number of boiler explosions often accompanied by high loss of human life.

At the time boilers were often poorly designed and built, frequently overworked, deterioration in service went unchecked, while attendants were generally untrained and were sometimes raw youths. An explosion did not call for Government action unless there were deaths, and even then the investigation did not go beyond a Coroner's enquiry.

Such was the state of affairs when in 1854 a group of leading engineers and mill-owners met in Manchester to form some divided.

organisation that could deal with the problem and ensure as far as possible the safe operation of boilers and kindred plant. From the efforts of these enlightened pioneers arose the Manchester Steam Users' Association, the initial body in the field of engineering inspection. This establishment was the first decisive step in the development of the modern system of engineering and plant inspection.

The primary objects of the Association were, first, to examine periodically steam boilers, safety valves, feed apparatus and other parts on which safety depended.

Secondly, to keep various records of engine performance including indicator diagrams and noting of fuel consumption. Thus the emphasis was on safety and engine economy.

The element of insurance did not enter into the early activities of the Association. If a boiler exploded the owner was not entitled to any pecuniary compensation. But at this time the public were beginning to appreciate the benefits of insurance protection against loss from accidents.

So it was that these periodic visits were the natural that the question of initial inspections of boilers and supplementing boiler inspection some other kinds of plant are by insurance provision came to be considered.

To-day the insurance principle is accepted without question. However carefully a boiler is tested there always remains the possibility that some inherent defect may escape detection and of the requisite standards. This ultimately lead to an explosion.

The inspecting organisation, the even further than the legal field for insurance requiring as frequent safety inspections in safety and prevention. After insurance cover until certain conditions have been introduced into engineering insur-

ance purposes if the latter were on a voluntary basis, but fit the legal requirements. As a result of the activities of the inspecting organisation, the public became slowly interested in safety and prevention. After some unsuccessful attempts at introducing legislation on the subject, the Boiler Explosions Act of 1882 and 1890 came into regulations.

While some members argued

that insurance would encourage owners to neglect safety inspections and precautions. The majority of the Association members were against the provision of insurance, but some leading members broke away and made their own arrangements to set up a company offering this type of insurance steam pressure plant to the Board of Trade.

Various Acts have been passed

since then, the main one being the Factories Act 1937 laying down various statutory requirements for safety and inspection of various types of plant. Now

accounts for a large portion of the premiums. Facilities are at Work etc. Act 1974 which came into operation on April 1.

company's inspectors to carry out the various periodical examinations which are designed to act as a check on the latest legislation, it does put a tremendous responsibility on employers to provide totally safe environment for employees. As such it must involve regular inspection

of plant and machinery and here engineering insurance can play a dominating role. The legislation lays down that the inspections have to be carried out by a competent person.

This of course is in the joint interest of the owners and the insurer.

But the inspections go further than these periodic visits. The natural that the question of initial inspections of boilers and supplementing boiler inspection some other kinds of plant are by insurance provision came to be considered.

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There is also the human factor.

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## ENGINEERING INSURANCE II

JULY, 1975

# Managing the risks

**CONSULTANTS** in this country duplicate the examination; perature, different corrosive management will become just as from the consultants for the are just some examples. As for much a part of everyday man- the insurance engineers. The ture of inflation, this has had a stun- considerations as profitability, pro- ning effect on insurance costs ductivity, return on capital and labour relations. The one — is that they are instructed by the insurance brokers to do certain parts of the plant on which there is no specific legislation.

are often less tangible, though the ideas appear to have caught on rather better in the engineering, chemical and oil industries than in other areas. This probably reflects the fact that these industries rely heavily on sophisticated plant and are often involved in highly delicate processes that can be dangerous and costly. Many companies have now appointed their own risk managers.

Engineering insurance itself consists of two basic components — inspection and the insurance (a company may buy the former on its own but cannot have the latter without the inspection).

Risk management consultants take a much broader view. Normally, a major insurance company in this field would send in its inspectors to examine specific parts of a plant; historically, these have been pressure vessels (boilers), lifts and lifting gear and electrical plant, as laid down by the Factories Act.

The risk management consultant would, on the other hand, look much further than that into the technical and scientific aspects of the plant and also relate its importance to management in terms of consequential loss. The approach is, in effect, two-pronged: first, the technical aspects and, second, the financial implications.

Where the insurance company engineers have already examined their specific parts of the plant the consultancy's generated whole new areas of scientists would probably not risk wider variations in tem-



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As in other areas of insurance, there are really two kinds of broker who engage in engineering insurance. There are those which lack any real expertise but just rely on the specialist companies in the field. Apart from the companies which engage in everything, the latter include names like Ajax (the Lloyd's shoot-off in the field), British Engine, National Vulcan and Scottish Boiler. Then there are the larger broking firms which have developed their own expertise in engineering insurance and here there are a number of familiar names like Bain Dawes, C. T. Bowring, Hong Robinson, Lowndes Lambert, Sedgwick Forbes and Willis Faber. There is the usual hostility between the two types of broker because the insurance companies give no extra commission for the quality of service from the expert brokers.

This has always been a bone of contention across the broking field and there are arguments from the company side as well.

One glaring omission, at least in the view of some consultants, is in pipework. This often carries steam, oil or perhaps some highly flammable gas or chemicals, yet there are no specific guidelines laid down about standards or inspection.

The powerhouse of a plant may be the boiler itself, and there are commendably few boiler failures nowadays, but the danger created by faulty pipe-work may be just as acute.

The purist risk management consultant would see his role as one with an added layer of imagination; in other words, he would seek to plan and prevent, not merely to identify. The considerations would go beyond the plant itself and extend to the personnel. How good is the works manager, for example — are routine inspection and safety procedures observed?

Would an operator know what to do in a crisis? And he would also form a judgment on just how important, say, a boiler is to the running of the plant as a whole. Could the plant be kept going by a standby or mobile boiler? What would the consequences be, not just in replacement or repair terms but in terms of lost market share?

Advancing technology and inflation have both combined to make the consultant's job that much more vital. New chemicals and processes have placed new strains on plant and the plant's consultancy's generated whole new areas of what scientists would probably not risk; wider variations in tem-

happen, including consequential different policies for the same loss, and works closely in risk and the broker's aim is that they were a decade ago — looks upon "risk management" especially the fire risk linked as, "merely what a good insurance broker would do anyway."

Insurance brokers also make the point that a great deal of their business vis-a-vis engineering insurance is concerned with reinsurance of overseas risks.

There are however, very few facts and figures on this point. What it does boil down to, however, is that the premium is on brokers who employ the experts able to make technical judgments on modern risks in the widest sense of the "engineering" context and this is where the sheep are sorted from the goats.

Christopher Hill

## Compulsory

As a recognisable sector, engineering insurance really became established with the Factories Act of 1937 which laid down compulsory inspection for safety reasons of specific plant such as boilers, other types of pressurised vessels and lifting gear.

The introduction of the Health and Safety Act is likely to strengthen the consultant's case even more, since this effectively places vastly more responsibility at the door of the manufacturers.

It also places a greatly increased burden on the Government inspectors who before could ignore certain classes of business on the grounds that they were not specified under the various Factories Acts.

Now the Act is all-embracing and it is likely to be backed up at some stage with detailed legislation, as in the U.S. where details are broken down to the extent that it is an offence to make ladders from woods other than those specified.

Each company must now lay down its policy on safety and this document must be available to the employees and Government departments alike.

In future it will no longer be sufficient to claim after an accident that all "reasonable" precautions were taken or that it was impossible to compete with foreigners if certain costly anti-pollution procedures had been observed.

On the factory floor it may well be a relatively simple task to improve safety measures and install all the appropriate equipment.

It is quite another problem for the workers to be persuaded to change their ways, especially if this slows up the flow and payment is by piece-work.

As one consultant remarked, "It may be possible for the heathen to be converted, but conditions make it difficult for him to be religious."

Keith Lewis

CONTINUED FROM PREVIOUS PAGE

## Inspectors

Health and Safety Commission act mainly as monitors as far as the inspection of engineering equipment is concerned. The Act insists that a thorough inspection is carried out by a "competent" person at a frequency which depends on the type of plant or equipment to be inspected. The HSC inspectors normally check only the documentation to establish that these checks have been carried out as required by law.

There is still no statutory definition of the term "competent person." The competency of a person to carry out particular inspections or tests is a matter of fact on which the occupier of any factory must be satisfied.

In the event of legal proceedings it will be necessary to demonstrate to the court that the person chosen was indeed competent for the job in question.

The following unofficial definition of the term "competent person" is often quoted: "The person chosen should have such practical and theoretical knowledge and actual experience of the type of machinery or plant which he has to examine as will enable him to detect defects or weaknesses which it is the purpose of the examination to discover and to assess their importance in relation to the strength and functions of the machinery or plant." So it is not sufficient for the person making examinations to be able to detect faults; he must also, from his knowledge and experience, be able to assess their seriousness.

This does leave the way clear for a company to use one of its employees as an inspector. But there are clear conflicts of interest if this procedure is followed: Apart from the pressures on the employee from his employer, there are also the pressures put on him by the

# The role of the broker

happening, including consequential different policies for the same loss, and works closely in risk and the broker's aim is that they were a decade ago — looks upon "risk management" especially the fire risk linked as, "merely what a good insurance broker would do anyway."

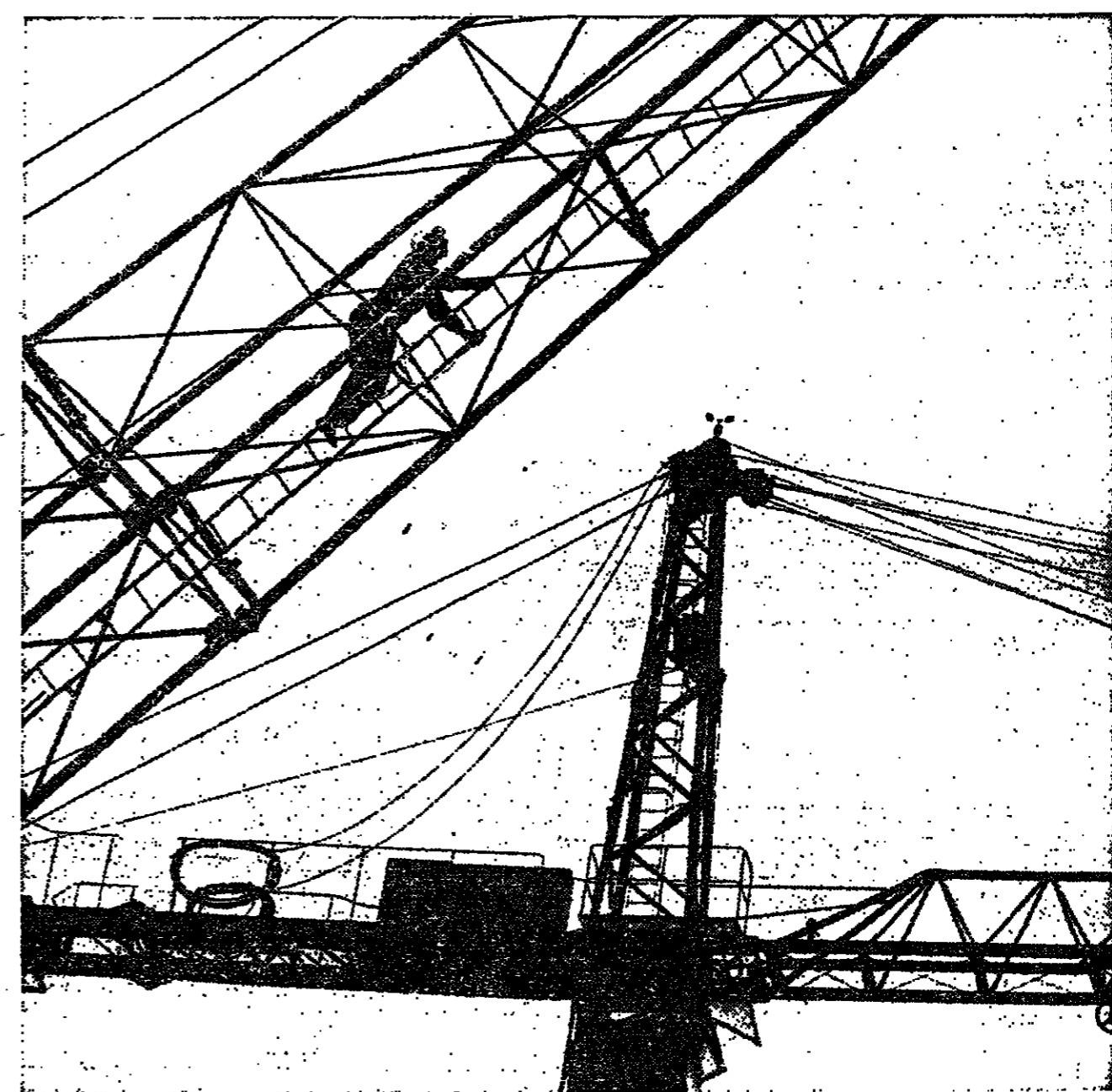
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Christopher Hill

## Methods

Finally, the insurance broker has a role to play in the identification of risk and how to reduce it — which really spreads over into risk control. Brokers say that companies are becoming



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62 Tide Barn Road, Shaftesbury, Tel: 0785 5986.

Write Box No. E.5866, Financial Times, 10, Cannon Street, EC4P 4BY.

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13% p.a. paid on 2nd mortgages on agricultural land

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</div

# MONEY MARKET

## Large assistance

Bank of England Minimum Lending Rate 10% (Since May 2, 1975)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying Treasury bills from the Discount houses.

Short-term interest rates were influenced by the day-to-day shortage and by underlying concern over the interest rate outlook.

The one-month sterling certificate yield rose to 9½-9¾% from 8½-8¾%, the three-month to 10½-10¾%, and the gilt-edged settlements also took money out of the commercial banking system.

The official help appeared to leave banks roughly square over secured call loans in the earlier part, but found later balances at 8½-9%. In the interbank market, overnight loans were commonly in a range of 8½-9½%.

Rates in the table below are nominal in some cases.

**May 12 1975**

	Sterling Certificates of deposits	Interest	Bank	Local Authority deposits	Local Authority negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills \$	Bank bills \$	Pine tree bills \$
Overnight	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
2 days notice	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
One month	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Two months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Three months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Four months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Five months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Six months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Seven months	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
One year	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81
Two years	\$14.81		\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81	\$14.81

Local authorities and finance houses seven days' notice, others six days' fixed. Long-term local authority mortgage rates for one-year £100 per cent., two-month £101 per cent., three-month £102 per cent., four-month £103 per cent., five-month £104 per cent., six-month £105 per cent., and three-year £108 per cent.

\* Finance House Rates (published by the Finance Houses Association): 10% per cent. from May 1. Clearing Bank Deposits Rates: Average deposit rate at seven days' notice at 8% per cent. Clearing Bank Base Rates for lending 8% per cent.

Treasury Bills: Average deposit rate of discount 8% per cent.

\* Premium.

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).

## ACTIVE STOCKS

No.	Stock	Closing price (p.)	Change	1974	1975
1. ICI	51	24	+ 4	263	118
2. Shell Transport	25p	20	- 8	315	118
3. BATS	25p	17	+ 7	327	164
4. Distillers	50p	16	+ 4	141	65
5. Unilever	25p	16	+ 15	402	170
6. Conca Gold Fields	25p	15	+ 13	280	188
7. R.T.Z.	25p	15	+ 3	210	80
8. EMI	50p	13	+ 5	175	62
9. Eng. China Clays	25p	13	+ 5	81	35
10. Reed International	21	13	+ 12	297	124
11. Bechuan	25p	12	+ 10	294	116
12. Boots	25p	12	+ 2	272	91
13. C/Schweppe New	NIL/pd.	12	5*	-	6*
14. GRN New	NIL/pd.	12	54*	+ 1	70*
15. Lonrho	25p	12	+ 6	154	68

\* Premium.

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).

## REGIONAL MARKETS

Following the merger last year of U.S. stock exchanges, a selection of the share markets in the United States, Canada and Australia, which are mainly listed in London, are shown separately and with prices on the Irish exchange.

British Funds: 1 - 200 2 - 1000 3 - 5000

Corporations, Dom. and Foreign Bonds: 1 - 200 2 - 1000 3 - 5000

Industrials and Procs.: 1 - 250 2 - 1000 3 - 5000

Oils: 1 - 250 2 - 1000 3 - 5000

Miners: 1 - 250 2 - 1000 3 - 5000

Recent Issues: 1 - 250 2 - 1000 3 - 5000

Total: 980 322 1476

## NEW "HIGHS" AND "LOWS" FOR 1975

New 1975 "highs" were recorded yesterday. Securities quoted in the same market, but not in the same individual name, are given in parentheses. There were two "lows".

### NEW HIGHS (252)

AMERICANS (223)

CANADIANS (6)

BUILDINGS (6)

CINEMAS (11)

DRUGSTORES (7)

EDUCATIONAL (1)

HOTELS (2)

INDUSTRIALS (5)

MOTORS (1)

NEWSPAPERS (2)

PAPER & PRINTING (2)

PROPERTY (7)

SAFETY EQUIPMENT (1)

SOUTH AFRICANS (3)

TRUSTS (16)

RUBBER (14)

MINES (20)

### NEW LOWS (2)

BRITISH FUNDS (2)

UNITED KINGDOM (2)

IRISH (2)

SCOTLAND (1)

WALES (1)

IRELAND (1)

NEW YORK (1)

SYDNEY (1)

MELBOURNE (1)

AUSTRALIA (1)

NEW LOWS (2)

BRITISH FUNDS (2)

UNITED KINGDOM (2)

IRISH (2)

SCOTLAND (1)

WALES (1)

IRELAND (1)

NEW YORK (1)

SYDNEY (1)

MELBOURNE (1)

AUSTRALIA (1)

NEW LOWS (2)

BRITISH FUNDS (2)

UNITED KINGDOM (2)

IRISH (2)

SCOTLAND (1)

WALES (1)

IRELAND (1)

NEW YORK (1)

SYDNEY (1)

MELBOURNE (1)

AUSTRALIA (1)

NEW LOWS (2)

BRITISH FUNDS (2)

UNITED KINGDOM (2)

IRISH (2)

SCOTLAND (1)

WALES (1)

IRELAND (1)

NEW YORK (1)

SYDNEY (1)

MELBOURNE (1)

AUSTRALIA (1)

NEW LOWS (2)

BRITISH FUNDS (2)

UNITED KINGDOM (2)

IRISH (2)

SCOTLAND (1)

WALES (1)

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MELBOURNE (1)

## WALL STREET + OVERSEAS MARKETS

## Easier on Cambodian naval action

BY OUR WALL STREET CORRESPONDENT

**AN EASIER TENDENCY** developed in late trading on Wall Street to day, after the White House announcement that a U.S. naval vessel had been seized 1,200 miles off by a Cambodian Naval vessel in International Waters.

The Dow Jones Industrial Average shed 2.66 to 847.47, but \$1 to \$1.54 in active trading—it firm to 48.01, while rises Common shares.

The White House also stated that if the ship were not released there would be what is termed "the most serious consequences." It did not elaborate.

Earlier, the market was inclined to mark time after last week's late strength when stocks benefited from speculation that the economic slump was at, or near, its bottom.

**OCEANIC PETROLEUM**, among the volume leaders, edged up \$1 to \$161—it said a new natural gas field in the Northern Sacramento Valley, California, tested at a combined rate of 3,160 cubic feet of gas daily.

Copper Range, one of the widest movers, recovered \$2 to \$29 after having dropped \$4 on Friday. The company said it knew of no reason for the stock's activity.

**LOCKHEED** Aircraft were lifted \$1 to \$85 after reporting sharply higher earnings.

**Dow Chemical**, the biggest mover in its group, picked up \$1 to \$88.

**Sears, Roebuck, U.S. Steel and Atlantic Richfield** each surrendered fractions.

**Columbia Pictures** lost \$3 to \$84, despite improved earnings.

**St. Joe Minerals** gained \$2 to \$62 on a two-for-one stock split. But its president told the annual meeting that it expected earnings to fall below the record levels of 1974, beginning in the second quarter.

**Schlumberger** fell \$2 to \$80. **Halliburton** slid \$3 to \$150.

Prices generally firmed in moderately active trading on the American SE, where the Market Value Index rose 0.04 to 87.43, while advances topped declines by 372 to 308. Turnover totalled 2,767,000 (3.14%) shares.

**Champion** Rose, **Borders**, among the most active stocks, added \$1 at \$41—it said it is approaching a break-even level of operations in its fiscal first quarter.

**Development Corporation of America** climbed \$1 to \$31 after reporting higher earnings.

**OTHER MARKETS**

**Canada mixed**. Canadian Stock Markets were mixed in light activity yesterday. The Industrial Share Index put

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# FINANCIAL TIMES

Tuesday May 13 1975

**Weatherall Green & Smith**  
Chartered Surveyors Estate Agents  
London Leeds Paris Nice Frankfurt

## 'Piracy' dispute flares as Khmers seize U.S. ship

BY PAUL LEWIS

The U.S. was suddenly plunged into a serious dispute with the new Communist regime in Cambodia in any intelligence activity. President Ford accepted the Cambodians of seizing an American merchant ship—and demanded its immediate return.

Following an emergency meeting of the National Security Council this morning, the White House announced that a Cambodian gunboat had fired at and captured the Mayaguez—a 10,000-ton container carrier—as it was steaming through the Gulf of Thailand.

The President said the action was "piracy" and he warned of "the most serious consequences" if the boat was freed immediately along with its 38 American crewmen. The White House said the Mayaguez was in international waters at the time, some 60 miles off the Cambodian coast, though eight miles from a small rock claimed both by Cambodia and South Vietnam.

Later the White House spokesman confirmed that the boat was carrying civilian cargo on a voyage from Hong Kong to Singapore. He said there were no

tinted undertones of firmness. No there is no disguising the dilemma one went so far as Senator Buc, who called for an immediate "clinical strike" against Cambodian harbours and bridges.

But many important figures in both Houses were clearly disturbed by the incident and made clear that the U.S. could not easily tolerate such provocation.

Senator Scott, the Republican leader, called the situation "terribly grave," while the chairman of the Senate and House Armed Services Committees warned that if diplomacy failed, a more forceful reaction must be considered.

In legal terms, it is unclear whether the President has the authority to retaliate with force against Cambodia, or whether he needs Congressional authority.

President Ford has repeatedly argued that as Commander-in-Chief he can order U.S. forces into action to protect American lives and property anywhere in the world.

On the other hand, the Cooper-Hewitt amendment forbids the engagement of U.S. forces in Vietnam, Laos and Cambodia without Congressional authorisation.

But while the law is in doubt, the Defense Department implicitly ruled out any immediate use of force by saying that the first priority must be the safety of the crew.

On Capitol Hill, the first Congressional reactions called for diplomatic actions to secure the ship's release, though with a dis-

WASHINGTON, May 12.

## State chairmen set up group

BY KENNETH GOODING

BRITAIN'S NATIONALISED industries' chairman, concerned about the growing intervention in their operations by successive governments, yesterday set up a new organisation to represent their interests.

They also remember the so-called Gulf of Tonkin incident, when President Johnson claimed that the North Koreans had attacked U.S. ships off the Vietnamese coast and used this as the legal basis for his war in Indochina.

However, both Congress and the administration want to convince the world the U.S. has not abandoned its global influence against Cambodia, or whether he needs Congressional authority.

President Ford has repeatedly argued that as Commander-in-Chief he can order U.S. forces into action to protect American lives and property anywhere in the world.

Add to allow the new Cambodian authorities to get away with so blatant a provocation as the seizure of the Mayaguez might be judged an intolerable display of weakness—particularly when the incident so closely resembles the humiliating capture of the U.S. spy ship "Pueblo" by the North Koreans in 1968.

However, both Congress and the administration want to convince the world the U.S. has not abandoned its global influence against Cambodia, or whether he needs Congressional authority.

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But while the law is in doubt,

## 'Nupro must take some of blame'

BY RAY DAFTER

MANAGEMENT weakness in been in force in June the company would have been prosecuted.

The company, he said, had failed to provide and maintain plant in a safe condition. It had also failed to provide necessary information to its employees.

As a result of "the record of management and serious evidence of lack of control and supervision" in connection with the modifications to the plant, the Executive would ensure that any resumption of hazardous chemical processing by Nupro if the current legislation had control."

The report points to the weaknesses of the management, particularly on engineering matters. The report says that, at the time of the accident, Nupro was storing some 436,850 gallons of such materials, although only 8,500 gallons were covered by licences. Mr. Walker referred to this as a technical breach of licensing conditions and said it would be up to the local authority whether it prosecuted Nupro.

Nupro, which is owned by the National Coal Board—with 45 per cent stake—and Dutch State Mines (DSM) yesterday met Mr. Locke to discuss the findings. The company is considering rebuilding the devastated caprolactam plant at Flixborough.

In accepting the findings, Nupro said it had reorganised management and had recruited a works engineer, a position vacant at the time of the pipe's installation. It had also strengthened and increased its safety department and had instituted more intense consultation with unions.

It is likely that a number of procedural and regulatory changes will come from the court's findings and recommendations. Mr. Harold Walker, Parliamentary Secretary of State for Employment told of State for Employment told of the Commons that local authorities would be reminded of their responsibility for controlling the storage of large quantities of flammable materials.

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Mr. Walker said that a committee of experts on major hazards, set up following the Flixborough disaster, was also considering how the arrangements for giving advice to planning authorities on industrial risks could be improved.

He added that he had been assured that the fire prevention systems at the one at Flixborough were not subject to regulations.

Mr. Bill Simpson, chairman of the commission, said the chemical and process industries should consider installing "black boxes" to record vital plant information, in the same way as aircraft flight information recorders. "I would urge any company carrying on a potentially hazardous process, to consider carefully whether vital fire records would survive a catastrophic fire and explosion."

The Flixborough Disaster Report of the Court of Inquiry: SO: £2.50.

Minister promises action, Page 14

Failure of safety management, Page 16

## Telegraph sacks 82 men

BY ROY ROGERS, LABOUR CORRESPONDENT

SOME 82 members of the National Graphical Association were dismissed by the Daily Telegraph last night after staging industrial action for the second successive night.

None of the normal 1,100 London-printed copies of the newspaper was printed, although Manchester publication was unaffected.

The 82 NGA members, together with 45 proof readers, have been supporting demands for a revision of

their pay agreement. On Monday 100,000 copies were lost.

After yesterday's action, the 82, who "make up" the pages were sent a letter saying that the management considered they had terminated their employment.

Journalists walked out at the Sun last night in protest against the dismissal of a sports reporter. The management said "The paper is being printed normally."

## Weather

UK TO-DAY

COOL, with sunny spells and scattered showers.

London, S.E., Cent. N. and Cent. S. England, E. Anglia, Midlands, Channel Is.

Sunny spells and occasional showers. Wind S.W. light or moderate. Max. 16C (61F).

Wales, S.W. and N.W. England, Lakes.

Sunny spells and showers, heavy at times. Wind S. light or moderate. Max. 13C (55F).

I. of Man, S.W. Scotland, Glasgow, N. Ireland.

Some bright intervals. Wind light variable. Max. 12C (54F).

N.E. England, Borders, Edinburgh, Aberdeen.

Sunny spells and showers, perhaps longer outbreaks of rain. Wind S. light. Max. 11C (52F).

Cent. Highlands, Moray, Firth, Cithness, Ayrsh., Galloway, W. Scotland.

Extensive hill fog. Wind E. moderate. Max. 9C (48F).

Outlook: Rather cloudy with showers, prolonged at times, bright intervals. Temperatures near normal.

Lighting up: London 21.10, Manchester 21.28, Glasgow 21.47.

## BUSINESS CENTRES

Yester Day Mid-day Today

Alexandria S 17 E 16 Larnaca S 18 E 17

Antananarivo S 11 E 12 Madras S 11 E 12

Athens S 14 E 13 Manila S 12 E 11

Bahrain S 17 E 16 Nairobi C 17 E 16

Barcelona S 11 E 12 Dakar S 12 E 11

Berlin S 12 E 11 Durban S 14 E 13

Belfast S 12 E 11 Honolulu S 14 E 13

Bogotá S 19 E 18 Jakarta S 17 E 16

Bonn S 19 E 18 Kuala Lumpur S 17 E 16

Brasilia S 12 E 11 London S 14 E 13

Frankfurt S 12 E 11 Manila S 14 E 13

Gaborone S 18 E 17 Tokyo S 16 E 15

Glasgow S 18 E 17 Tunis S 20 E 19

Helsinki S 19 E 18 Warsaw S 15 E 14

India S 15 E 14 Zurich S 17 E 16

Holiday Resorts

Alicante S 17 E 16 Las Palmas S 18 E 17

Almeria S 18 E 17 Lloret de Mar S 18 E 17

Barcelona S 14 E 13 Majorca S 17 E 16

Benidorm S 15 E 14 Malaga S 17 E 16

Benalmadena S 11 E 10 Málaga S 17 E 16

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